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Vol. 40



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*H. L. Crawford, Esq.
112 Barry Bery.*

IN THE MATTER OF The Public Inquiries Act, being Chapter 258 of The Revised Statutes of Alberta, 1955, and Amendments thereto; and,

IN THE MATTER OF an Inquiry by a Royal Commission into the matters set out in Order-in-Council 861/67 respecting the use or attempted use by the Honourable Alfred J. Hooke of his office as a member of the Executive Council of Alberta, and the use or attempted use by Edgar W. Hinman of his office as a member of the Executive Council of Alberta.

PROCEEDINGS BEFORE THE HONOURABLE MR. JUSTICE W. J. C. KIRBY

C. W. CLEMENT, Esq., Q.C.,

S. A. FRIEDMAN, Esq., Q.C.,

S. H. McCUAIG, Esq., Q.C.

L. MAYNARD, Esq., Q.C.,

W. B. GILL, Esq., Q.C.,

G. A. C. STEER, Esq., Q.C.

D. H. BOWEN, Esq., Q.C.

N. S. CRAWFORD, Esq., and

J. D. HILL, Esq.

G. S. D. Wright, Esq.

Commission Counsel

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E. W. Hinman, Esq.

The Honourable Alfred J. Hooke

G. A. Turcott, Esq.

Mr. Neil Reimer

Dr. C. A. Allard

Liberal Association of Alberta

Progressive Conservative Party of
Alberta

Alberta New Democratic Party

W. ALAN SHORT, ESQ.,
Clerk to the Commission.

VOLUME No.40.....

DATE ...November 22, 1967...

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	Mr. Neil Reimer
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N. S. CRAWFORD, Esq., and	Progressive Conservative Party of
J. D. HILL, Esq.	Alberta
G. S. D. Wright, Esq.	Alberta New Democratic Party

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1-M-1
Ruling.

PROCEEDINGS before The Honourable
Mr. Justice W. J. C. Kirby, this
22nd day of November, A.D.1967, at
9:00 o'clock in the morning, at
the Court House, in the City of
Edmonton, Province of Alberta.

THE COMMISSIONER:

First of all we will deal with Mr.

Bowen's application. Mr. Bowen, I have carefully read over the evidence given by Mr. Arnold in Volume 36, pages 3843 -- 44 -- 45, and on the basis of that evidence I don't consider that there is any justification for my permitting a recall of Mr. Arnold. I might point out, Mr. Bowen, at page 3846 when, after Mr. Arnold was questioned, I said:

"Now, Mr. Bowen?"

and your answer then was:

"No questions, sir."

Therefore I must deny your application.

Now, Mr. Clement?

MR. CLEMENT:

Mr. Commissioner, the question

arises as to the disposition of the application of Mr. Gill to hear further testimony from Mr. Menzies, and this has now, as I understand it, taken a slightly different turn. It has been ascertained that on the topic Mr. Gill was pursuing at the moment of the objection, Mr. Menzies could only have given hearsay evidence and, of course, I would have had to object again on that ground. It appears, then, that if there is anything to the question that Mr. Gill is pursuing, the only direct testimony, so I am informed, could come from Mr. Hamilton. I think perhaps

1-M-2
Ruling.

MR. CLEMENT: (Cont.) Mr. Gill would wish to have his application changed to name Mr. Hamilton in place of Mr. Menzies. Am I correct, Mr. Gill?

MR. GILL: It is actually Mr. Wright's application.

MR. CLEMENT: Oh, excuse me, Mr. Wright.

MR. GILL: If I remember correctly, Mr. Wright applied to recall Mr. Menzies, and in speaking to it I mentioned -- to the relevancy, that perhaps it was Mr. Hamilton who had the direct evidence.

MR. CLEMENT: Yes.

MR. WRIGHT: Well, with respect, my Lord, that isn't entirely true. It is true that the information that we are in receipt of indicates that the person that spoke -- or was spoken to by Mr. Hooke, was Mr. Hamilton, but nonetheless there was a meeting of the Commissioners concerning this, of which the evidence could be given by Mr. Menzies and would not be hearsay; but the logical order is certainly to call --- to question Mr. Hamilton first. I agree with that.

MR. CLEMENT: I have only this to say, sir, that if you should rule that this can be opened again, sir, that I would think that Mr. Hamilton being able to give direct testimony would be sufficient. He could also tell what consequences might have ensued from whatever it is asserted took place; so that what happened after that could be equally given in a more direct fashion than from Mr.

1-M-3
Ruling.

MR. CLEMENT: (Cont.) Menzies.

THE COMMISSIONER: Mr. Wright, why was this matter not pursued when you had Mr. Menzies on in his initial appearance.

MR. WRIGHT: As I said yesterday, my Lord, I did not know about it then.

THE COMMISSIONER: Is Mr. Hamilton available?

MR. CLEMENT: Oh, this is a little problem: he is in Montreal and won't be back until Friday. Mr. Maynard has said that he would be prepared to proceed with Mr. Hooke on the first topic of the segregated topics, namely, the Rocky Mountain House lease; so that whatever -- if your ruling should be that it would be proper to hear Mr. Hamilton further, we would have to set that back until Friday, but in the meantime there are -- there is evidence from accountants to be heard, as well as the evidence of Mr. Hooke on the Rocky Mountain House lease.

MR. WRIGHT: It so happens that Mr. Hamilton will be in Edmonton on Friday.

MR. CLEMENT: Yes.

MR. WRIGHT: Anyway.

THE COMMISSIONER: Friday morning?

MR. WRIGHT: I'm not sure of that, my Lord. From the way he spoke -- I had spoken to him at my learned friend's request yesterday -- from the way he spoke I would think so, yes.

MR. CLEMENT: I can endeavour to pursue that.

1-M-4
Ruling.
B. Shikaze - Clement Ex.

THE COMMISSIONER:

I think in this case this question is relevant. I might point out two things: first, that in allowing this motion it does not in any case, in any sense at all indicate a precedent that I will necessarily consider myself bound by on any other such application; the questioning will relate only and solely to the matter of that phone call with respect to the document.

Go ahead, Mr. Clement, please.

MR. CLEMENT:

Yes sir. I call Mr. Shikaze.

BEN SHIKAZE, sworn, examined by Mr. Clement:

Q Mr. Shikaze, you are a chartered accountant by profession?

A That's right.

Q And you are practising your profession in association with the firm of B. C. Tanner & Company?

A Yes.

Q In Edmonton?

A Yes.

Q And how long have you practised here?

A About---.

Q Since what year?

A '53 -- 1953.

Q Yes, and has your firm, B. C. Tanner & Company, been the accountants in charge of the audit of the financial affairs of Ideal Homes Ltd.?

A Only to 1955.

Q Yes, and have you had any part in the preparation of financial statements of that company?

1-M-5

B. Shikaze - Clement Ex.

A Yes.

Q I show you, Mr. Shikaze, financial statements of Ideal Homes Ltd., as at December 31st, 1950. Can you identify those as having been prepared by your firm?

A Yes.

Q Mr. Maynard, would you like this in?

MR. MAYNARD: I have no interest in any of it.

MR. CLEMENT: Very well.

MR. MAYNARD: My friends may have.

Q MR. CLEMENT: I will leave this on the table, sir.

THE COMMISSIONER: All right.

MR. CLEMENT: I then produce to you financial statements of Ideal Homes Ltd. as of April 30th, 1951. Can you identify that for me? Has that been prepared by your firm?

A Yes.

Q I will have this marked, sir.

THE COMMISSIONER: That will be Exhibit 439.

FINANCIAL STATEMENTS OF IDEAL HOMES
AS OF APRIL 30th, 1951, MARKED
EXHIBIT 439.

Q MR. CLEMENT: I now produce to you financial statements of Ideal Homes which, in the interval, changed its name to Ideal Homes & Building Supplies Ltd., as of January 31st, 1952. Can you identify this for me?

A I think it is a statement prepared by our firm.

Q Is there any means you have of verifying it, with you?

A No, not with any papers I have with me now.

1-M-6

B. Shikaze - Clement Ex.

Q I'll have that marked for identification.

THE COMMISSIONER: For identification? That will
be "A" for Identification.

FINANCIAL STATEMENTS, IDEAL HOMES,
JANUARY 31st, 1952, MARKED "A" FOR
IDENTIFICATION.

Q MR. CLEMENT: From your recollection, Mr. Shikaze,
is there any -- can you tell us why the financial statements
as of April 30th, 1951, Exhibit 439, why the next document,
the financial statements of January 31st, 1952, did not
encompass a full year?

A I do not know.

1-P-1

B. Shikaze - Clement Ex.

Q Is there a change of fiscal year?

A No, I think this is just an interim statement.

Q An interim statement, perhaps that is the reason you are uncertain about it. I then produce to you financial statements of Ideal Homes and Building Supplies Limited as of April 30th, 1953. Can you identify that for me?

A Yes, this is our statement.

Q May I have that marked, sir?

THE COMMISSIONER:

Exhibit 440.

FINANCIAL STATEMENT OF IDEAL HOMES
AND BUILDING SUPPLIES LIMITED AS AT
APRIL 30th, 1953 MARKED EXHIBIT
440.

Q MR. CLEMENT: Now, I produce to you Exhibit 421, financial statements as at June 30th, 1955, of Ideal Homes and Building Supplies Limited, can you identify this for me?

A Yes, this is our statement.

Q I see it is marked draft only, what would be the reason for that?

A As far as I can understand it was just taken from the general ledger, a statement from the general ledger without any auditing work done.

Q I see, without any auditing work done and, is that all that was prepared in the way of financial statements for the fiscal year ending April 30th, 1955?

A Yes, well, the last one was June 30th, 1955.

Q Yes, which is Exhibit 421 shown as a draft only, is that

1-P-2

B. Shikaze - Clement Ex.

Q (Cont.) correct?

A Yes, that is right.

Q And do you recall any reason why there wasn't a year end statement for 1955, an audited statement as of April 30th of that year?

A There was a statement prepared at April 30th, 1955.

Q You have it?

A I do not have a typed copy.

Q Do you have a copy?

A Our working paper copy, yes. It is not certified.

Q Well, for April 30th, 1955 was an audit made and financial statements prepared?

A A financial statement was prepared, so far as if there was a full audit or not I am not in a position to say right now. I don't remember. Since it was not certified, I presume no full audit was done.

Q But you weren't in charge of the matter and you don't know why a full audit was not done?

A No, I was not in charge of the job, no.

Q Can you tell from looking at Exhibit 421 whether there is any material change between it and the working sheets you prepared in connection with the year end statements for April 30th, 1955?

A What do you mean by material change, sir?

Q Well then, let us say any change. Is there any change in position between April 30th, 1955 and ...

A Oh yes, definitely there is.

1-P-3

B. Shikaze - Clement Ex.

Q Well then perhaps

A Saying what is There is changes right down the statement .

Q In what categories are there changes Mr. Shikaze?

A I would say every item there is changes.

Q Well, let us start at the bottom of the assets, what is the difference?

A The difference there is only a thousand bucks approximately.

Q That is to say, Exhibit 421 shows total assets of \$75,180.00?

A Right.

Q And your April 30th sheet shows total assets of \$74,195.00?

A That's right.

Q And how does that difference come to be?

A Well as I said, all items are affected by it, you can go right down all the items.

Q The fixed assets on Exhibit 421 are shown at \$10,502.00?

A M-hm.

Q And on your statement for the end of April are shown at what?

A Twenty-seven thousand five hundred twenty-three.

Q How does it happen that there is that increase in value?

A Decrease in value.

Q Decrease in value?

A Just looking at the statement it appears that the buildings are disposed of.

Q The buildings are disposed of?

1-P-4

B. Shikaze - Clement Ex.

A Right, and part of the land.

Q Yes, so there is a conversion of some fixed assets into money, is that it?

A Well, maybe receivable.

Q Accounts receivable?

A But I can't say, I am just looking at the statement.

Q Trade accounts shown in Exhibit 421 amount to twenty-four thousand nine hundred sixty-three and in your working sheet of April ...

A \$5,807.00.

Q So there is a substantial ...

A Increase above nineteen thousand.

Q Yes, debts owing to shareholders or, I should say, amounts owing by shareholders?

A It decreased by approximately \$600.00.

Q Inventories, is there a change?

A Yes, it increased by \$5,000.00.

Q Does the company appear to have been active during this period from the difference in these statements?

A I would say so.

Q Yes. I think sir perhaps I had better ask to have these working sheets for the year ended April 30th, 1955 put in.

How many pages are included in this Mr. Shikaze?

A Just two.

Q Two. May I have the two pages marked sir on the basis that the Court Reporters will make Xerox ...

THE COMMISSIONER:

Exhibit ...

1-P-5

B. Shikaze - Clement Ex.
- Gill Ex.

MR. CLEMENT: Well, precise date is April 22nd,
1965 although I presume it was ...

A No, that is the 30th.

Q Oh?

A April 30th.

Q Excuse me, April 30th, 1955. I was going to say sir that
in order to maintain the accounting firm's file intact perhaps
we could have the usual arrangement?

THE COMMISSIONER: Yes, they will^{be}/Xeroxed. Exhibit 441.
TWO PAGES OF WORKING SHEETS FOR YEAR
ENDED APRIL 30th 1955 ENTERED AS
EXHIBIT 441.

Q MR. CLEMENT: Then you have no further records
after 1955 Mr. Shikaze?

A No.

Q Thank you, will you answer my friends.

MR. GILL EXAMINES THE WITNESS:

Q Mr. Shikaze, do you have the 1950 statement there that my
friend tabled? Thank you.

THE COMMISSIONER: Mr. Gill?

Q MR. GILL: Mr. Shikaze, do you know when Ideal
Homes Limited actually commenced business?

A Not offhand. All I could say it was incorporated on June
17th, 1950.

Q I see?

A When they commenced business must have been sometimes after
that.

1-P-6

B. Shikaze - Gill Ex.

Q It is not an Exhibit yet but I propose to make it one, the balance sheet as of December 31st, 1950, you show at the bottom net profit for the eight months ended December 31st, 1950. I take it then that the company was actually doing business before it was incorporated, is that correct?

A I cannot answer that right now.

Q But the figure eight months of business --

THE COMMISSIONER: What Exhibit number are you referring to Mr. Gill?

MR. GILL: It is not an Exhibit as yet sir and I now tender it, at least this copy I have in my hand is not numbered.

MR. CLEMENT: No, I just put it on the table, sir.

THE COMMISSIONER: Financial statement for what year?

MR. GILL: For 1950, for the eight months ending December 31st, 1950 and I tender that as an Exhibit, sir.

THE COMMISSIONER: Exhibit 442.

FINANCIAL STATEMENT OF IDEAL HOMES
LIMITED FOR THE EIGHT MONTHS ENDING
DECEMBER 31st 1950 ENTERED AS EXHIBIT
442.

Q MR. GILL: Thank you. Can you tell Mr. Shikaze what total director's fees were paid by Ideal Homes in the year 1950?

A No.

Q Or in any of the other years?

A As far as I can recollect, there was no director's fees paid

1-P-7

B. Shikaze - Gill Ex.

A (Cont.) except for salaries.

Q Do you have 1953?

A Yes.

Q Would you just look and see if there was \$3,000.00 of director's fees paid to each of three directors in that year?

MR. CLEMENT: Do you have the Exhibit there Mr. Gill?

MR. GILL: No I do not. I don't see a 1953 statement as an Exhibit but, I could be wrong.

MR. MAYNARD: Exhibit 440.

A Yes, there were salaries paid, director's salaries paid. Do you wish to know who it was paid to?

Q MR. GILL: Yes please?

A Mr. J. H. Campbell, Mr. H. L. Spady and Mr. C. Hooke.

Q In what amounts?

A Three thousand to Mr. Campbell, three thousand to Mr. Spady and two thousand nine hundred seventy to Mr. C. Hooke and they were monthly salaries.

Q And that was the year that the company showed a deficit?

A Yes, showed a net loss for the year.

Q And there had been a deficit as of April 30th, 1952?

A That is correct. '52 did you say?

Q Well I am looking at Exhibit 440 and on the statement is a deficit, deficit as of April 30th, 1952?

A That is right.

Q So they still paid directors fees --

MR. CLEMENT: Well, just a moment, just a moment,

1-P-8

B. Shikaze - Gill Ex.

MR. CLEMENT: (Cont.) let's not mislead this witness. He said it was salary.

Q MR. GILL: Directors salaries, is that correct?

A That is right.

Q And that totalled \$8,970.00?

A That is right.

Q Do you know to whom the commissions were paid in that year?

A No I don't.

Q Do you know what was paid to A. J. Hooke in the year 1953?

A No I don't.

Q And some of the travel expense or the miscellaneous or some of the commission, could money have been paid to A. J. Hooke in that year?

A I cannot say.

Q It could have been?

A I don't know.

Q It's possible?

A It may be.

Q Thank you. And you from your records of Ideal Homes can show the total liability of the company to A. J. Hooke?

A What statement is this?

Q Well, the only one that I can see is the draft statement as at April 30th, 1962, Exhibit 423?

MR. MAYNARD: Mr. Commissioner, this witness has no knowledge of the 1962 statement but if my friend will refer to the last statement concerning this particular item he may get some information from the witness.

1-P-9
B. Shikaze - Gill Ex.

Q MR. GILL: The statement by Winspear Higgins and Co.

MR. CLEMENT: Well, Mr. Bentley will be here.

Q MR. GILL: Thank you. Now, if I may continue my question, Mr. Shikaze, in a statement of Winspear Higgins as at April 30th, 1962 they showed deferred liabilities of \$6,680.00 payable to A. J. Hooke. Do you know anything about that from your records?

A That is quite a long time since we did ours so I won't be in a position to answer that.

Q I see. Have you the 1950 statement there Mr. Short please?

Mr. Shikaze, looking at the financial statement of December 31st, 1950, Exhibit 442, could you give me the net book value of the shares in that company?

A Do you mean the value of the shares according to the books here?

Q Yes?

A Well, it will be four thousand shares worth approximately \$15,259.00.

Q And do those records disclose how many Mr. A. J. Hooke owned?

A Not right here, no.

Q I see, but there were four thousand shares issued?

A It appears so according to this statement.

Q And they would be worth, you say \$15,000.00?

A Well, the way you put it, according to the books, yes.

Q Well that is all that I am interested in in what the books say, so, we have got four thousand shares worth \$15,000.00,

is that correct?

1-B-1

B. Shikaze - Gill Ex.

A I wouldn't say worth fifteen thousand. That is according to the books, yes, it is.

Q All right, and I am showing you Exhibit 326, a statement signed by A. J. Hooke on the 14th of January it looks, his writing is like mine, not very legible, 1951; and you will see here "One-half share, Ideal Homes Limited, \$10,000.00.", that would not accord with the statement that you have seen in Exhibit 442, would it?

A What day is that?

Q The 14th of January it looks, 1951?

A I can't say how he valued his.

Q You didn't put the value on the shares?

A No.

Q Or your firm?

A No.

Q I see. If, well, all right. You have no way of determining what the value of those shares was on the 15th of July, 1950?

A No. No sir.

Q Have you the 1950 statement there? Do you have the 1950 statement, Mr. Shikaze?

A No sir.

Q Here it is, I have it. Can you tell from the 1950 statement, Mr. Shikaze, what advances to the company were made by A. J. Hooke?

A I am sorry, we do not have the file for 1962 and '61.

Q 1950?

1-B-2

B. Shikaze - Gill Ex.

A Or '52, I am sorry -

Q You don't have the file for 1950 and 1951?

A No.

Q I see. And you have no explanation for why Exhibit A for Identification, 1952 was not a full year?

A No. Which statement is this, sir?

Q Exhibit A for Identification, the 1952.

A Oh, I would just say that is an interim statement prepared.

Q And interim statement?

A That's right.

Q But you didn't prepare it and you don't recognize it?

A No, no. I think, I think we prepared the statement, yes.

Q Well, let's just check that?

A I am not just positive.

Q I beg your pardon?

A That is '52, I haven't got nothing to check to in my files here to say positively but it appears so, it appears like our statement.

Q By that time there was a deficit as of April 30th 1951 of \$3,421.00?

A Yes, according to the statement, yes.

Q According to the statement?

A Yes.

Q Thank you.

THE COMMISSIONER: Mr. Bowen?

MR. BOWEN: I have no questions, sir.

THE COMMISSIONER: Mr. Crawford?

1-B-3

B. Shikaze - Wright Ex.

MR. CRAWFORD: I have no questions, thank you, sir.

THE COMMISSIONER: Mr. Wright?

MR. WRIGHT EXAMINES THE WITNESS:

Q Mr. Shikaze, this draft statement of the 30th June 1955, Exhibit 421, is the last statement that your firm prepared, is it?

A Yes, according to our records that's right.

Q Yes, and at that time what was Mr. Hooke's financial interest in Ideal Homes and Building Supplies Limited?

A The amount "due to director" of \$6,880.79.

Q Now, was he not also a guarantor of the overdraft of the current banking account, do you have information on that? The overdraft on current bank account is shown at nearly twenty-two thousand dollars at that time?

A Yes.

Q So he was owed \$6,880.00 on what score?

A I would say numerous transactions since 1950, back in '52, '51.

Q Just a minute, I am talking about "due to director, \$6,880.79"?

A That's right.

Q Was that an accumulation of miscellaneous?

A Numerous transactions since the company started.

Q I see, in which he had ended up being owed money by the company?

A That's right.

Q Yes, then in addition to that he was the guarantor of the entire amount of the overdraft on the current bank accounts,

1-B-4

B. Shikaze - Wright Ex.

Q (Cont.) was he?

A No. There was Mr. Spady -

Q Well, jointly with others then?

A Yes, that's right.

Q Yes, jointly with others he was a guarantor, and then accounts payable of \$26,264.38, would any money due to Mr. Hooke be in that item or were these all trade accounts?

A They are all trade accounts.

Q Yes, so that the total then of the liabilities of the company to Mr. Hooke at that date, "Director contingent", would be the six thousand odd plus the twenty-one thousand odd?

A Will you rephrase that question again, sir?

Q Yes, would you read it back, please?

THE REPORTER: (By reading)

"Yes, so that the total then of the liabilities of the company to Mr. Hooke at that date, "Director contingent", would be the six thousand odd plus the twenty-one thousand odd?"

A Yes.

Q MR. WRIGHT: Yes. I am not too hot on reading balance sheets I am afraid, Mr. Shikaze; just correct me if I am wrong, nevertheless the assets side of the balance sheet in Exhibit 421 does exceed the liabilities by the amount of the surplus, is that correct?

A Yes, you mean the asset side exceeds the amount of the liability by the amount of the capital to surplus; if you

1-B-5

B. Shikaze - Wright Ex.

A (Cont.) want to put it that way, yes.

Q I see. At any rate, the total balance sheet shows that there is more owned by the company than is owed by it?

A That's right.

Q So that if this was a true picture then Mr. Hooke would need not have had anything to worry about, if it were a true picture?

A That's right.

Q Yes, thank you.

MR. GILL: Mr. Commissioner, I might point out that in examining the financial statements, Exhibit 421, pardon me, Exhibit 442, here, well, I will rephrase that: Exhibit 321 is a financial statement of Ideal Homes and Building Supplies as of January 31st 1952, and it is the same document, I believe, that we have put in as Exhibit A for Identification, with the same deficit figure of three thousand four hundred and twenty-one forty; and I would move that Exhibit A for Identification be struck from the record.

MR. CLEMENT: Agreed, sir.

THE COMMISSIONER: It is already in in the form of another Exhibit?

MR. CLEMENT: Yes, indeed, sir.

THE COMMISSIONER: Exhibit number?

MR. CLEMENT: Exhibit 321 is the same as our recent Exhibit A for Identification.

THE COMMISSIONER: Yes, Exhibit A then will be deleted.

1-B-6

B. Shikaze - Maynard Ex.

MR. GILL: Thank you, sir.

THE COMMISSIONER: Mr. Maynard?

MR. MAYNARD EXAMINES THE WITNESS:

Q Do your records indicate, Mr. Shikaze, when the company started owing monies to Mr. Hooke as Directors' loans?

A As I stated before, I do not have the '52 and '51 files, so that I cannot say.

Q Well, let's start with the '53 file.

A Right, there were balances owing at April 30th 1952.

Q Well, you indicated that you did not have the records for the '52 year?

A Yes.

Q But as of April 30th 1953, Exhibit 440, which I now show you shows Directors' loans in the sum of \$4,683.00; could you tell us to what Directors these monies were owing?

A Yes, to Mr. H. R. Spady, \$2,188.97; to Mr. J. H. Campbell, \$1,310.00; and to Mr. A. J. Hooke, \$1,184.24.

Q Yes, and then the 1955 statement (we seem to be losing track of these), the statement for June 30th 1955 indicates "due to Directors, \$6,880.79"; could you give us particulars of this amount, to whom it was owing?

A Yes, to Mr. A. J. Hooke.

Q And the 1955 statement also before you shows a certain figure for accounts payable in the sum of I think twenty-one thousand; can you verify the amount?

A I beg your pardon, sir?

Q What was the total of the amount of the accounts payable in

1-B-7

B. Shikaze - Maynard Ex.

Q (Cont.) that 1955 statement?

A June 30th?

Q Well, we have it here.

A Yes.

Q June 30th, 1955, Exhibit 421?

A \$26,264.00, accounts payable.

Q Were any of these, was any of this amount payable to Mr. Hooke or were they all trade accounts?

A They are all trade accounts.

Q I show you Exhibit number 440, being the financial statement as of April 30th, 1953; there is an item in the liabilities of "mortgage payable, secured, \$8,000.00"; could you tell us whether this was a mortgage on what?

A '53, there are two mortgages: one mortgage was on a residence at 11339 - 110th Avenue, and the other mortgage was on a residence at 7325 - 113th Street.

Q These were mortgages that were taken off on properties on which the company built homes and the homes were available for sale? Would this be the case?

A They could have purchased them, I am not in a position to say right now, they could have bought that, they were renting it during that period.

Q Oh, it was residential property that the company had purchased and on which they had taken out mortgages?

A According to my working paper they purchased half an interest in these particular residences and they assumed half the mortgage.

1-B-8

B. Shikaze - Maynard Ex.

D. D. Bentley - Clement Ex.

Q Fine, thank you, Mr. Shikaze. This is all, Mr. Commissioner.

THE COMMISSIONER: Any further questions, Mr. Clement?

MR. CLEMENT: No, thank you sir. I was looking for
Exhibit 322.

THE COMMISSIONER: Thank you Mr. Shikaze.

A Thank you.

(Witness steps down.)

MR. GILL: Mr. Commissioner, if Mr. Shikaze might
just hold it for a moment, it was my request for Exhibit
322 and if I can see it then I will know whether or not there
is just one question.

THE COMMISSIONER: Yes, just wait a minute, Mr. Shikaze.

MR. GILL: It is a summary of the financial
statement of Ideal Homes as of March 31st 1951, I believe,
it formed a part of the application for the loan to the
Treasury Branch, or from the Treasury Branch.

No, I have no questions of Mr. Shikaze, thank you.

THE COMMISSIONER: Thank you.

MR. CLEMENT: Call Mr. Bentley, please.

DAVID DEWOLFE BENTLEY, sworn, examined by Mr. Clement:

Q Mr. Bentley, you practice the profession of Chartered
Accountant?

A Yes sir.

Q In Edmonton?

A Yes sir.

Q With the firm of Winspear Higgins Stevenson and Doane?

A Yes sir.

1-B-9

D. D. Bentley - Clement Ex.

Q I almost used the other name.

And did you have occasion to prepare draft financial statements for Ideal Homes and Building Supplies Limited made up to April 30th 1962?

A These statements were prepared by our firm.

2-M-1

D. D. Bentley - Clement Ex.

Q Yes. Are you familiar with the working papers?

A I think I am the most familiar in the firm, yes.

Q Yes. Did you have anything to do with it yourself?

A Yes, I did.

Q This work, I understand was undertaken in 1965?

A Probably in the fall of 1964.

Q Yes; in what circumstances? How did this retainer come about?

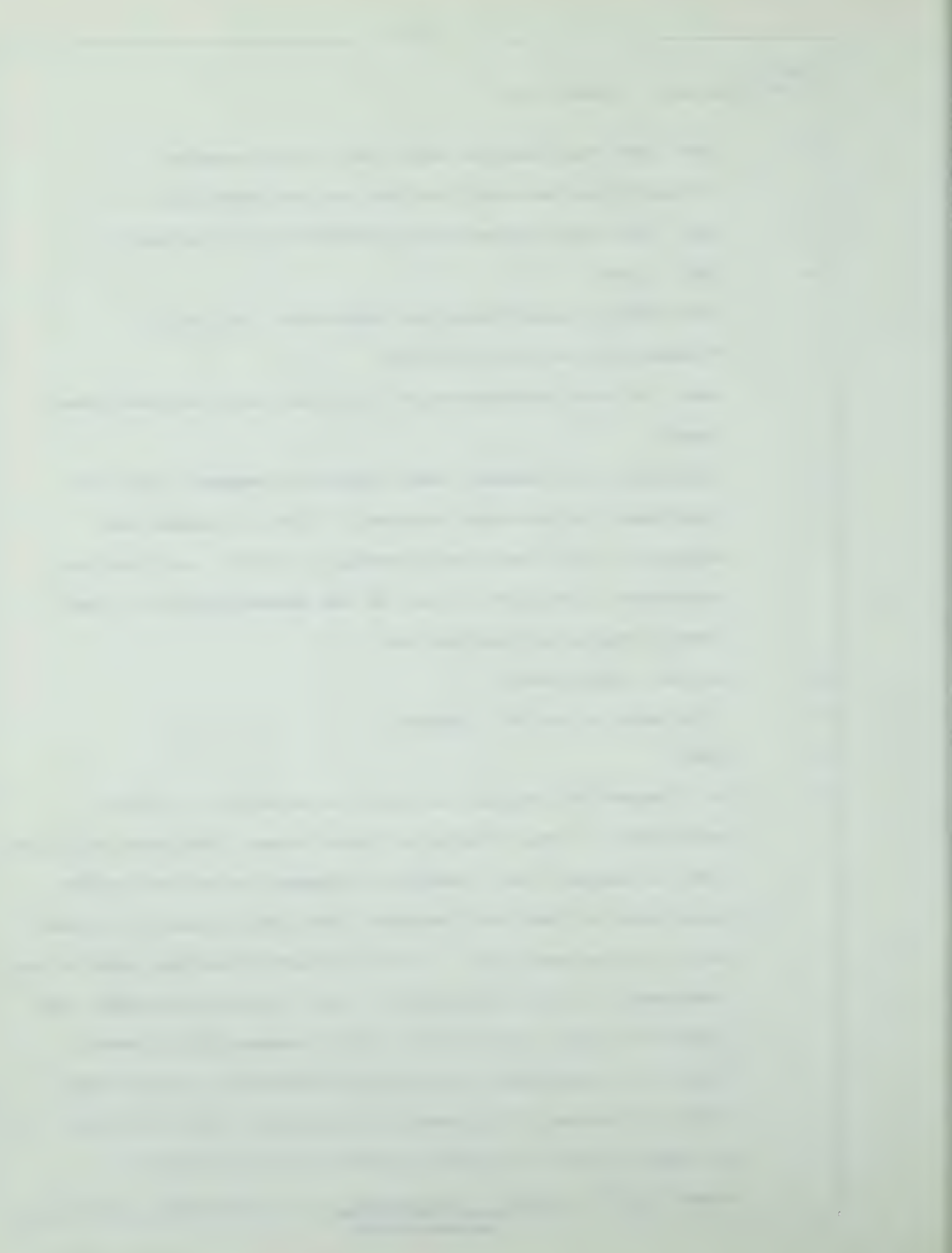
A Apparently the company had received a request from the Department of National Revenue to file an income tax return for the fiscal year ending in 1962. Our firm was contacted, I believe by one of the shareholders of Ideal Homes & Building Supplies Ltd.

Q Do you recall whom?

A I believe it was Mr. Campbell.

Q Yes?

A Mr. Campbell's request was that we attempt to locate sufficient of the records of Ideal Homes & Building Supplies Ltd. to prepare the financial statement requested by the Department of National Revenue. The task turned out to be-- not to be an easy one. It was our understanding, and it was confirmed with the department, that the last statement was filed for 1955, which left a gap of approximately seven years. We contacted all available sources, and obtained bits and pieces of information from them, but we did not --- we were not able to obtain sufficient information to enable us to prepare a statement -- or statements for the



2-M-2

D. D. Bentley - Clement Ex.

A (Cont.) full seven-year period; so we thought that perhaps we would take the only other approach available, and that was to prepare a net worth statement as at April 30th, 1962. We thought if we could establish the financial position of the company at that date, then we would be in a position to at least have a rough idea of what happened during the seven-year period, and perhaps consider with the department whether that would be sufficient to give them --- when I say "them", the Department of National Revenue, a new starting point on this company.

Q Well then, were you proceeding on the basis, Mr. Bentley, that the company had not been active after 1955?

A Well, as nearly as we could determine, the balance -- the last balance sheet, which I believe was prepared around April 30th of '55, the last available balance sheet, indicated a condition that if the company was -- it may have still been active or -- .

Q Yes -- .

A June, '55.

Q There is an exhibit No. 421 -- .

A Yes.

Q -- a financial statement as of June 30th, 1955. Would that be what you had in mind?

A Yes, I believe this is the statement.

Q That was the latest financial statement that you were able to find after you accepted the retainer?

A Yes.

2-M-3

D. D. Bentley - Clement Ex.

Q Well then, were you furnished with invoices and other documents to assist you in your work?

A I don't think that we received any invoices of a consequential nature. Our main approach was to try and find out through the bank accounts maintained by the company what type of transaction had taken place subsequent to this balance sheet.

Q Yes, and generally speaking what did you find?

A We didn't find sufficient information or record to form any conclusive opinion.

Q Did you get any information from any of the principals of the company?

A Well, we -- we asked them to provide us with all of the information and company records that were available. These were subsequently, or have since been returned to them, but I don't think they were of any -- they were not of any assistance to us in forming any pattern to follow through to 1962.

Q I see. Now, there has been put in evidence, Mr. Bentley, Exhibit 423. Can you identify this for me?

A Yes. This is the draft balance sheet as at April 30th, 1962, prepared by my firm.

Q And that was obtained from such sources of information as you have described and that you could dig up to assist you?

A As I mentioned earlier, it was strictly on a net worth basis: what assets could we find, moving from the last financial statement prepared by the previous accountants and

2-M-3
D. Bentley - Glenora St

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documents to assist you in your work?

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Strictly on a not worth

2-M-4

D. D. Bentley - Clement Ex.

A (Cont.) auditors for the company, to the present date -- or to the 1962 date. We could verify certain items such as bank balances, bank loans, the mortgage loan payable, property taxes, the agreements for sale receivable -- any items that we could not verify were included in this draft balance sheet as unchanged -- and I would like to make it perfectly clear that this balance sheet was prepared for discussion purposes with the interested parties before finalizing -- before finalizing it for tax purposes.

Q Did it ever get finalized for tax purposes?

A It never did.

Q How did the Revenue come to lose interest, Mr. Bentley?

A Well, we presented this balance sheet to a meeting of the principals of Ideal Homes & Building Supplies, and discussed various aspects to see if we could get mutual agreement in order to have an income tax return filed. There was agreement on certain items, but there was disagreement on others, and this came particularly in the shareholder's loan area. On this balance sheet we show amounts receivable from certain shareholders; these amounts were carried forward, I believe, from the 1955 balance sheet. The amount -- .

Q Yes -- .

A I'm sorry.

Q Perhaps you might deal with the differences between the '55 balance sheet and your own draft -- at least the principal differences that came to your attention. Now, you

2-M-5

D. D. Bentley - Clement Ex.

Q (Cont.) have dealt with -- you were about to deal with shareholders' loans. What were the differences? Were there any differences put to you in fact?

A Well, there were, particularly after we presented the balance sheet on this basis, there were various differences of opinion as to what the shareholders' loans should be.

Q How did that arise? You start from the figure in 1955 which purports to be an audited figure.

A The 1962 figure is strictly on a net worth basis. In other words, it would depend on what the loan could be determined to be at that date.

Q Let me see the 1955 one.

A Right there.

Q Yes, that was identified only as a draft also, June 30th, 1955; and that was the latest one that has been put in evidence prior to your interest in the matter. What was this difference of opinion about shareholders' loans?

A Well, I believe the --- whether they were shareholders' loans or not, the difference --- that may require some clarification or correction, but the main contention, I think, was over the amount payable to Mr. Hooke, which we reflected in this draft balance sheet at \$6,680.00 -- and some odd cents -- 79 cents. The same figure as that which was reflected in the last known balance sheet for the company.

Q Yes, and was there some assertion that it had increased or decreased in the interval?

2-M-6

D. D. Bentley - Clement Ex.

A Well, there was strong, strong assertions by the parties involved that it had increased substantially in the intervening period.

Q And was there any evidence presented to you of that increase?

A Well, we were shown copies of -- of cheques which had notations on them as being in payment of liabilities of Ideal Homes & Building Supplies Ltd.

Q I see. Cheques of Mr. Hooke's?

A Yes.

Q So that he would pay off, according to the information given to you, some liabilities of the company and assert himself as the creditor of the company in place of the original creditors?

A That is right.

Q And did that amount to much in your recollection, and is it reflected in any way in your papers?

A Yes, it is, it is a fairly substantial amount, I believe.

Q Perhaps you could give us the figure.

A Would you like specific amounts?

Q No, if you could give me the total, that is sufficient for my purposes, Mr. Bentley.

A I think the amounts that were purported to be in connection with Ideal Homes Ltd. -- or Ideal Homes & Building Supplies Ltd., would aggregate something in the order of thirty-two or thirty-three thousand dollars.

Q That had been discharged?

2-M-7

D. D. Bentley - Clement Ex.

A Yes.

Q In the manner you mentioned?

A Yes.

Q But then, in your own financial statement for -- as of 1962, that same amount would be reflected as liabilities, but owing to a different person. Is that correct?

A No, this is not correct.

Q I see.

A These amounts --- there was an indication that these payments were used to discharge liabilities that existed at the 1955 date.

Q Yes.

A So that when we found it impossible to follow transactions through this picture day by day, in doing an end net worth on the company they would be -- they would escape us, unless someone came forward and said, now, the true liability to "X" is so many dollars, and at the time that we prepared this balance sheet we had no supplementary information to adjust these shareholders' accounts. It came to light after.

Q Perhaps we should put on the record, Mr. Bentley, what is involved in determining the net worth position.

A I would state it on the basis that you attempt to determine all of the known assets of the company, if possible on a cost basis ---

Q As of a certain date?

A -- as of a certain date.

2-M-8

D. D. Bentley - Clement Ex.

Q And in this particular case you are using June 30th, 1955?

A April 30th, 1962.

Q Very well.

A Once --- at the same time as determining the assets --- .

Q Well, let's just take it bit by bit, then: the first step is to determine the assets of the company as of the date selected, which was April 30th, 1962.

A That is correct.

Q And you made your investigations to find out what assets were then in existence?

A Yes, that's right.

Q And that is reflected in your draft statement?

A This is reflected in the draft statement which was prepared--.

Q Yes.

A -- for discussion purposes.

Q Yes, and then the next stage in the net worth position -- ?

A The next stage?

Q Yes.

A I have mentioned the determination of assets -- the determination of the liabilities of the company, and the net overage or underage becomes the surplus or deficit position of the company. I should also clarify that we did not attempt to take a net worth on the income over this period. If we had moved on further into this picture, and the Department of National Revenue had wanted the seven years covered, I assume what we might have done if we were able to get all of the figures would be to do a net worth

2-M-9

D. D. Bentley - Clement Ex.

A (Cont.) income statement for the seven-year period, but we did not approach that at all.

Q Well, does a net worth income statement have -- .

A Pardon?

Q Is the net worth income statement a sort of deduction from the net worth?

A It would be a deduction in this case of the 1955 net worth from the 1962 net worth.

Q Well then, just the net worth position of the company that you were dealing with, then, as of 1962, you would come to a final figure -- the company is either in the red or in the black?

A Yes.

Q And then is there any comparison -- is that used for any comparative purposes?

A The red or black?

Q Yes, the net figure.

A I think it may have been if it had proceeded to that point.

Q Then, the end result of this exercise generally is to determine whether there has been taxable income between that selected year and the previous period of time?

A That is right.

Q Yes.

A Yes.

Q But it didn't get that far with you?

A No, it didn't.

Q It didn't look worth while pursuing?

2-M-10

D. D. Bentley - Clement Ex.
- Gill Ex.

A Well, I wouldn't say that that was the total reason; it was never pursued for various reasons, which included lack of agreement amongst the shareholders on what the final balance sheet of the company should be, and lack of our ability to get them together to find out what it should be, and finally the request from the Income Tax authorities as to how we were making out on this statement. We advised them that there was some, some lack of unanimity amongst the shareholders as to what the shareholders' loans should be, and we weren't able to resolve it. We indicated that it appeared that in the last year or so the only income had been from interest, and the expense was interest expense, and it appears to me that the Department of National Revenue let the matter rest on that basis.

Q Thank you. Would you answer my friends, please?

THE COMMISSIONER: Mr. Gill?

MR. GILL: Thank you, sir.

MR. GILL EXAMINES WITNESS:

Q Mr. Bentley, that is certainly not a certified audit, is it?

A By no means.

Q Could you describe in a few words how you found the records of Ideal Homes?

A Well -- .

Q In what condition?

A I would say they were practically non-existent for the period, seven-year period in question -- at least the records presented to us.

2-M-11

D. D. Bentley - Gill Ex.

Q Among your working papers was there ever shown as an asset a claim against the City of Edmonton for some \$140,000.00?

A I don't believe so, not to my knowledge.

Q Would it be fair to describe the records of Ideal Homes as "a mess"?

A For the period in question?

Q For the period in question.

A I would think that would be one way of putting it, yes sir.

Q I see, and when you say you presented this draft balance sheet to the principals of the company, was A. J. Hooke one of the principals of the company to whom you presented this draft balance sheet?

A He attended the meeting, yes.

Q I see, and in what capacity, sir?

A I'm not certain in what capacity. He was in the group that I met with at the company solicitor's office.

Q And when was this?

A I believe it was February 11th, 1965.

Q I see, and who else was at that meeting?

A J. H. Campbell, H. L. Spady, C. E. Hooke, W. J. M. Henning.

Q You say there was a lack of agreement between these shareholders. Can you be a little more definite? What was the disagreement about?

A As to the amounts of the shareholders' loans that would be reflected in the financial statements.

Q What was the position of Mr. A. J. Hooke at the meeting?

A Mr. Hooke felt that his loan should be substantially higher.

2-M-12

D. D. Bentley - Gill Ex.

Q What was the position of Mr. J. H. Campbell?

A Mr. Campbell, I believe, also took the position that he should have more credit coming from the company.

Q I see; and Mr. Spady?

A I think the only qualification -- no, I think he agreed that -- we had the amount, that we should have broken it down into two figures, but I don't think there was any question over the other two indebtednesses.

Q And they never did resolve that disagreement as far as you know?

A Not to my knowledge.

Q And the Department of National Revenue more or less agreed that -- with what you had got on your draft position, and didn't press it further?

A They didn't see our draft statement, and I don't think they were entitled --- it never reached the point where they wanted to see it. We would have filed it with the income tax return if we had been able to come down to a statement that we felt was conclusive; but they dropped -- apparently dropped the matter on the basis of our communication with them, that we just couldn't resolve the thing, and let it go at that -- for the time being, anyway.

Q One never knows. Thank you, Mr. Bentley.

THE COMMISSIONER: Mr. Bowen?

MR. BOWEN: No questions, sir.

THE COMMISSIONER: Mr. Crawford?

2-M-13

D. D. Bentley - Crawford Ex.

MR. CRAWFORD EXAMINES WITNESS:

Q Mr. Bentley, what basis did the shareholders place their views upon that the shareholders' loans in the case of Mr. Campbell and Mr. Hooke should have been higher than they were?

A Well, I think that Mr. Hooke supported -- or presented cancelled cheques which purported to indicate that he had paid off obligations of the company, to my recollection -- and I don't have any indication of any specific support given by Mr. Campbell to this contention.

Q And in the case of Mr. Hooke you recall cancelled cheques. Do you remember for what period?

A I recall photocopies of cancelled cheques. The major transaction was June 8th, 1955.

Q And you seem to have a note of that there. What does that refer to?

A It refers to the fact that we examined the photocopy of a cheque indicating that Mr. Hooke had paid approximately \$32,000.00 to the Bank of Nova Scotia in repayment of a loan of Ideal Homes & Building Supplies Ltd.

Q That was a single cheque?

A I believe -- I believe so, yes.

Q After having that information did you do any more work on your statement, incorporating information of that type, or was the disagreement such that you dropped it?

A Well, there was -- as I say, there was some feeling on Mr. Campbell's part that his position was understated.

2-M-14

D. D. Bentley - Crawford Ex.
- Wright Ex.

Q I see.

A And we left it with the shareholders on the basis that if they would resolve it then we could maybe finalize this matter, but nothing was ever done, and we never met again.

Q Did Mr. Hooke suggest that any additional amount should be owing to him on the basis of his shareholder's loan, relating to undrawn salaries or directors' fees?

A If he did I can't recall, and I have no notation of it on the file.

Q Basically it was the payment of the loan?

A I think reimbursement of monies he felt he had laid out for the benefit of the company.

Q Thank you.

THE COMMISSIONER: Mr. Wright?

MR. WRIGHT EXAMINES WITNESS:

Q Had any returns been made to the Department for the years between 1955 and 1962?

A I can't say with absolute certainty, but we went and obtained the -- some information from them to facilitate our work, and that information only went up to 1955.

Q But there was a return filed for the year ending in '55?

A Apparently so.

2-P-1

D. D. Bentley - Wright Ex.

Q Why then did they suddenly ask for the year 1962, did you ever find out?

A I never inquired as to the reason for the request.

Q You mentioned that the amount that was being talked about as being the amount that Mr. Hooke thought should be credited to him was in the region of thirty-two to thirty-three thousand dollars?

A Yes.

Q Is this in addition to the sixty-eight hundred odd dollars that was owing him on the 1955 draft statement?

A I would think it is a possibility but I have no way of being sure of that.

Q Well, did he get money from the company then between '55 and '62?

A We couldn't trace any transactions. Cancelled cheques weren't available, the bank records were only for amounts, there was no payee indicated.

Q So if he had got money from the company and assuming this sixty-eight hundred dollar figure is correct, it would have to have been added on at least to the thirty-two thousand?

A If there had been no repayments, yes.

Q That is right, yes. There were no Minutes to support the payment to the Bank of Nova Scotia of the \$32,000.00?

A There may have been but I don't recall seeing it.

Q Now, what had happened to the assets then?

A The assets as at the preceding balance sheet date?

Q Yes, the last balance sheet you saw which was a draft showed

2-P-2

D. D. Bentley - Wright Ex.

Q (Cont.) the company as solvent so, what had happened to the assets?

A Well I think that on our approach to this that would not be determined because as I mentioned, due to the nature of the record, we moved to the end and tried to get the current position. We did not attempt to follow receivables and payables through from the preceding balance sheet.

Q Yes. Well, did you consider this contention that the shareholders loan should be increased by the amount of the cheque paid by Mr. Hooke to the Bank of Nova Scotia?

A I think we certainly considered it but we didn't consider it with the degree of finality to revise the statement in that there would be the Campbell side of the issue to be resolved and we felt it was up to the shareholders to settle this matter.

Q Yes, you didn't try and chase down the assets to see what had happened to them, did you?

A No sir.

Q Because if that intention of Mr. Hooke's were allowed then you would have had to have done that, I suppose, to draw up a balance sheet?

A Well, we did not trace down the assets. I say we attempted initially to do everything that we could to tackle this in a normal fashion but we did not have access to records.

Q Yes, have you any idea how it was ... well now, just a moment, the \$32,000.00 cheque was what date again?

A I believe June 8th of '55.

2-P-3

D. D. Bentley - Wright Ex.

Q I see, so that this is before this draft statement of the 30th of June '55?

A It would appear so, yes.

Q And there is no liability of that amount shown as owing to Mr. Hooke at that time, is there?

A No, there is \$6,880.79.

Q And do we gather then that the liability to the banks at the beginning of June would have been in the region of fifty thousand, June of '55, have you any indication of that, unless there had been a considerable movement of the account during the month of June?

A I must clarify something here. The balance sheet we were working from was April 30th, '55. We did not have the June 30th balance sheet.

Q The June 30th balance sheet was a draft only?

A Yes, I am sorry, I thought that being the last balance sheet here but the balance sheet we worked from was April 30th, '55.

Q I see, and at that time to whom was the money owed then that was owed the bank?

A Well I am not sure who the creditor was, presumably it was the Bank of Nova Scotia but this was a balance sheet prepared by the preceding accountants.

Q Yes. Well when you checked that out to get your starting point, did you not find out to whom the money was owed at the bank?

2-P-4

D. D. Bentley - Wright Ex.

A We didn't attempt to verify the 1955 balance sheet.

Q No, but you would have a breakdown of how it was made up, would you not?

MR. GILL: May I, Mr. Commissioner? Wasn't Exhibit 441 a draft statement not fully audited up to April 30th '55?

MR. MAYNARD: They were working sheets.

MR. CLEMENT: This is it, this is it sir. Yes, now, I should have remembered this.

MR. SHORT: 331.

MR. CLEMENT: They were the working sheets of B. C. Tanner and Company for the April 30th 1955 period. Did you take them with you?

MR. SHIKAZE: Yes.

Q MR. WRIGHT: Well Mr. Bentley, the short question simply is to what banks was the money owing in April of 1955?

A According to our records it was the Treasury Branch.

Q How much?

A Thirty-one thousand seven eighty-six forty-five.

MR. CLEMENT: Excuse me Mr. Wright I have these, I don't think Mr. Short had put the stamp on them.

Q MR. WRIGHT: So, you don't know who the twenty-one thousand was owed to on Exhibit 421 then?

A That of June 30th?

Q Yes?

A No, I don't know.

Q Well, what other payments were made of any substantial nature

2-P-5

D. D. Bentley - Wright Ex.

Q (Cont.) then by Mr. Hooke which he claims credit for in that period?

A There were four small payments aggregating approximately \$1,000.00 relating to Ideal Homes and there was one other payment on behalf of another company but it doesn't relate to this.

Q Yes. Did you come upon any explanation of how it would be that the money was owed to the Treasury Branch in April of '55 and thirty-two thousand was paid to the Bank of Nova Scotia in June?

A I would have to go back to the original document and by that I mean the cancelled cheque because I have here a Treasury Branch and, Bank of Nova Scotia in brackets, \$31,910.06. It may be the repayment, I assumed the repayment when I answered the question a minute ago was to the Bank of Nova Scotia. It may have been that it was to the Treasury Branch on a Bank of Nova Scotia cheque.

THE COMMISSIONER: Mr. Maynard?

MR. MAYNARD: Mr. Commissioner, I was going to produce a cheque eventually in examining Mr. Bentley but possibly it might be well if the cheque were produced now to refresh the witness's memory and also to give Mr. Gill and Mr. Wright the opportunity to examine on the cheque, if he wishes.

The cheque I produce is a cheque dated June 8th, 1955 for \$31,910.06 payable to the Provincial Treasury Branch, issued on the Bank of Nova Scotia, signed by A. J. Hooke and

2-P-6

D. D. Bentley - Wright Ex.
- Maynard Ex.

MR. MAYNARD: (Cont.) the notation on the bottom corner of the cheque reads "Paid on behalf of Ideal Homes and Buildings Supplies Limited in full, loan, B.N.S.".

So this possibly could be marked as an Exhibit now.

THE COMMISSIONER: Yes, Exhibit 443.

CHEQUE DATED JUNE 8th, 1955 IN THE AMOUNT OF \$31,910.06 PAYABLE TO THE PROVINCIAL TREASURY RE BRANCH ISSUED ON THE BANK OF NOVA SCOTIA AND SIGNED BY A. J. HOOKE ENTERED AS EXHIBIT 443.

MR. WRIGHT: I have no further questions.

THE COMMISSIONER: Thank you Mr. Wright.

MR. WRIGHT: But, I would appreciate Mr. Shikaze just telling us whether the 30th of June draft statements takes into account that repayment or not.

THE COMMISSIONER: You can place your question.

MR. WRIGHT: No, no, it is for Mr. Shikaze to answer, he is still in the Court.

THE COMMISSIONER: Oh, well, he is here and we can call him after questioning ... Mr. Maynard?

MR. MAYNARD: Yes.

MR. MAYNARD EXAMINES THE WITNESS:

Q Mr. Bentley, according to the draft statement you prepared in April of 1965, your statement shows that there was \$6,800.00 odd owing a director, is that correct?

A Payable to A. J. Hooke.

Q Payable to A. J. Hooke, yes?

A Yes.

Q And that was a straight carry-over from the statement that

2-P-7

D. D. Bentley - Maynard Ex.

Q (Cont.) you had seen as of April 1955?

A That is correct.

Q And you indicated that where you had not been able to verify anything by vouchers or proper accounting of documents you just simply carried over the figures as they existed in the April 1955 statement?

A For the purpose of this draft statement.

Q Yes, and you also indicated that after the draft statement had been prepared there was a meeting in Mr. Henning's office at which Mr. Hooke was present and Mr. Hooke disputed the amount owing to him only in the amount of \$6,800.00 odd?

A Yes, that's right.

Q And was it at that meeting or after this meeting that he produced the cheque now marked as an Exhibit, now marked as Exhibit 443?

A I couldn't say sir specifically if it was right at that meeting but if it wasn't it would be very soon after.

Q So you did not have information concerning this cheque and payment when you prepared the draft statement that is submitted here as an Exhibit?

A No.

Q Now, dealing with Mr. Campbell, there was some dispute also by Mr. Campbell as to his position with the company. Could you tell us whether or not that dispute related to monies owing by the company to Mr. Campbell or monies owing by Mr. Campbell to the company?

2-P-8

D. D. Bentley - Maynard Ex.

A My understanding was that Mr. Campbell, while we reflected a small amount owing by him to the company in this statement, felt that the company was actually indebted to him but, we had no specific figures.

Q And no documents to support any of his claims at that time?

A I don't believe so, no.

Q Now, in connection with the questions that you were asked by Mr. Clement dealing in what is involved in determining a net worth statement, did I understand you to say a net worth statement was determined on the basis of the book value assets of the company?

A Book value or costs if they can possibly be determined.

Q Yes, book value or costs, not necessarily in the real market value of the assets?

A No, unquestionably not Mr. Maynard.

Q And when the value of shares are determined on the basis of a financial statement, the value of these shares are determined on the book value or the cost value of the assets as reflected in the financial statement only, is that correct?

A Unless market value has been reflected. In this case, we were working on cost values as nearly as we could determine them.

Q Yes, my question is one of a general nature, usually the basis of evaluation of shares on the strength of a financial statement is reflected on book value of the assets of the company as determined in the financial statement?

2-P-9

D. D. Bentley - Maynard Ex.

B. Shikaze - Wright Ex.

A That is correct and it is not necessarily the market value.

Q Fine. Thank you Mr. Bentley that is all Mr. Commissioner.

THE COMMISSIONER: Mr. Clement?

MR. CLEMENT: No questions thank you. Thank you
Mr. Bentley.

THE COMMISSIONER: Thank you Mr. Bentley.
(Witness retires.)

THE COMMISSIONER: Mr. Clement, I believe Mr. Wright
would like to ask Mr. Shikaze one more question arising out
of this and I think he is still in the Court.

MR. CLEMENT: Would you come forward for a moment
please Mr. Shikaze?

B. SHIKAZE, recalled, examined by Mr. Wright:

Q Yes, thank you Mr. Shikaze, you are still on oath of course,
you acknowledge that?

A Yes.

Q In your draft statement of the 30th of June, 1955, Exhibit
421, there is \$21,000.00 odd showing as owing to the bank.
What bank? No, 421 I am referring to.

MR. CLEMENT: Isn't that April 30th?

MR. WRIGHT: No, that is June 30th.

MR. CLEMENT: This is it?

MR. WRIGHT: That is right.

MR. CLEMENT: This is the one that Mr. Bentley was
looking for.

MR. WRIGHT: That is right. Here we are.

A That is due to the Provincial Treasury Branch, main.

2-P-10

B. Shikaze - Wright Ex.

Q MR. WRIGHT: I see. Well, do your notes indicate then that \$32,000.00 was also paid to the Provincial Treasury Branch on the 5th of June, 1955?

A Well, the only notes I have got in my working papers, we give Mr. Hooke a credit for \$31,910.06.

Q So that the total liability before that was paid would have been in the region of, well, in excess of \$50,000.00?

A It may have been.

Q To the Treasury Branch?

A Right.

Q Well then, why doesn't the credit to Mr. Hooke of \$21,000.00 show in the draft statement, Exhibit 421?

A What is this twenty-one thousand?

Q H-mm?

A You mentioned twenty-one thousand?

Q Thirty-one thousand?

A Oh, thirty-one thousand. It is.

Q Oh, I didn't notice it.

A Well, it is part of your \$6,880.79. You see, he received a credit of \$31,910.00.

Q Yes?

A For which he received properties in satisfaction for that loan of \$31,146.05 for, a net difference of \$764.01 which was credited to his account.

Q So you are saying the thirty-one thousand paid to the Treasury Branch by Mr. Hooke is in that statement because the sixty-eight thousand odd is the balance at the end of the debits

2-P-11

B. Shikaze - Wright Ex.
- Maynard Ex.

Q (Cont.) and credits?

A Oh yes, sixty-eight hundred, that is right, yes.

Q Yes, and as to the thirty-one thousand, Mr. Hooke received company assets in satisfaction of that?

A Yes, according to my working paper, that is correct.

Q So that this notation on the bottom of Exhibit 443 which says "Paid on behalf of Ideal Homes and Building Supplies Limited, in full, B.N.S." indicates that the debt to the Treasury Branch of Ideal Homes and Building Supplies Limited was thereby fully discharged, it is not correct, is it?

A According to this it appears it was reduced but not fully ... Well, the loan may have been discharged although there was an overdraft.

Q I see, so this may have repaid a loan?

A That is right.

Q But the overdraft of twenty-one thousand, approximately, remained?

A M-hm.

Q I see.

THE COMMISSIONER: Mr. Maynard?

MR. MAYNARD EXAMINES THE WITNESS:

Q Yes, just keep your papers Mr. Shikaze. Could you look at your working notes for April 30th, 1955?

A Yes.

Q Yes, do those notes indicate the amount that was owing to the Provincial Treasury Branch at that time?

2-P-12

B. Shikaze - Maynard Ex.

A Yes, the loan to the Treasury Branch was \$31,786.45.

Q And in addition to that there was an overdraft arrangement with the Treasury Branch?

A I presume there was, yes.

Q Oh, your notes don't indicate it?

A Well there was an overdraft at that date too, yes, of \$2,000.00.

Q Of \$2,000.00 to the Treasury Branch as of April, 1955?

A Right.

Q Now, as of June 30th, 1955 your draft statement indicates that the loan of thirty-one thousand had been paid off in full?

2-B-1

B. Shikaze - Maynard Ex.

A Yes, that's right.

Q And the overdraft had increased to?

A To \$20,985.00.

Q Twenty thousand nine hundred eighty-five?

A Right.

Q Now, just one more point; you have mentioned that Mr. Hooke received from the company certain assets after April 1955, between April 1955 and June 30th 1955, did I understand you right?

A That's right.

Q Do your notes indicate what assets were transferred to Mr. Hooke?

A Yes, according to my working paper there was a duplex at 7325 - 113th Street for a net consideration of sixteen thousand nine ninety-three naught five; agreement for sale on 12051 - 56th Street of \$8,750.00; an agreement for sale on 11948 - 52nd Street of \$5,403.00: making a total of \$31,146.05.

Q Now, do you know, Mr. Shikaze, if those properties were transferred to Mr. Hooke as security for the \$31,000.00 that he paid off to the Treasury Branch?

A I presume they were transferred to Mr. Hooke for his payment of the bank, part satisfaction of his payment for the bank loan.

Q I am asking you not to presume but I am asking you what your notes indicate.

A My notes indicate that it was transferred to him.

2-B-2

B. Shikaze - Maynard Ex.

Q That it was transferred to him for what purpose, your notes do not indicate -

A No.

Q - specifically for what purpose the properties were transferred?

A No. Well, I have got a minute here of Ideal Homes in June '55, and -

Q Of what date, please?

A June 1955, June 8th, 1955, a copy of them, and it states here:

"... that he personally paid the Treasury Branch the sum of \$31,910.06 which covered the indebtedness of Ideal Homes and Building Supplies Limited to the Treasury Branch. For this consideration it was suggested that the following properties be transferred to Mr. A. J. Hooke."

Q Can I have a look at these minutes, please. I notice the minutes you have here are not signed?

A No.

Q Have you ever seen any, any copies of these minutes signed by any of the Directors?

A I can't recollect now, no.

Q The effective paragraph of this document reads:

"Mr. Hooke reported to the shareholders that he personally paid the Treasury Branch the sum of \$31,910.06 which covered the indebtedness of Ideal Homes & Building Supplies Limited to the Treasury Branch. For this

2-B-3

B. Shikaze - Maynard Ex.

Q (Cont.) consideration it was suggested that the following properties be transferred to A. J. Hooke:

- | | | |
|----|---|-------------|
| 1. | 7325 - 113th Street ((duplex), | \$25,000.00 |
| | Our equity | 16,900.00 |
| 2. | 12051 - 56th Street (Repossessed house) | 8,750.00 |
| 3. | 11948 - 52nd Street, Agreement for sale | 5,403.00 |

Making a total of \$31,053.00 and still leaving a further credit of \$857.06 on the books."

and then the document deals with other matters relating to Mr. Briscole.

Now, Mr. Shikaze, do you know if this suggestion was actually ever carried out?

A As far as our records are concerned, it shows that.

Q Did you see any assignment of any of these properties to Mr. Hooke?

A I can't say right now.

Q You cannot say?

A No.

Q So actually you do not know if the suggestion contained in this document was ever carried out by Ideal Homes?

A No, I cannot say right now, no.

Q And you do not know whether the documents, the properties, if they were ever assigned or transferred to Mr. Hooke were assigned and transferred to him in satisfaction of this claim or as security? You do not know whether the assignment or transfer of these properties to Mr. Hooke, if any did in fact take place, were assigned or transferred to him in satisfaction

2-B-4

B. Shikaze - Maynard Ex.

Q (Cont.) of this \$31,000.00 he had paid to the Treasury Branch or as security for the monies he had paid to the Treasury Branch?

A No, I cannot say.

Q You have no knowledge?

A No. As far as our records are concerned it would show it was in payment for satisfaction of his payment, not as a guarantee or any -

Q Well, it was suggested that the transfer to him was in satisfaction but you do not know if actually this was ever carried out?

A No.

Q Fine.

A I presume it was but I can't say for sure.

MR. MAYNARD: Mr. Commissioner, these minutes are not signed, they have been quoted, they are in the record: I do not propose to make them an exhibit unless my friends wish them, the essential part of the minutes have been read into the record.

THE COMMISSIONER: They have been read in.

MR. GILL: Mr. Maynard, do you have a copy of that June 1955 minute in the minute book?

MR. MAYNARD: I have the minute book here, Mr. Commissioner, and I have no such minute. That was why I was questioning these minutes. Now, there have been some minutes that have been produced as exhibits. I would like, I would just like to take a moment to see if by chance this

2-B-5

B. Shikaze - Maynard Ex.

MR. MAYNARD: (Cont.) could be one of them that has been taken out of the minute book.

My notes indicate that minutes of Ideal Homes that have been filed as minutes are the minutes of September 28th 1951, May 10th 1951, July 31st, 1951, filed as Exhibit 227; and that the minutes of February 1st, 1951, Exhibit 238; June 6th, 1951, Exhibit 242; January 10th, 1952, Exhibit 249; May 2nd, 1953, Exhibit 240; May 10th, 1951, Exhibit 239; August 1st, 1951, Exhibit 248; and February 11th, 1952, Exhibit 250; and then we jump to Exhibit 251, the minutes of May 8th to the 16th, 1958. Now, my notes may be incomplete, Mr. Commissioner, but these are all the minutes that I have been able to trace through the records as having been filed as exhibits, and the minute book does not show any record of the minute referred to by Mr. Shikaze. That is all I have, Mr. Commissioner.

MR. WRIGHT: My Lord, may that draft minute be filed as one exhibit and the working papers as the next exhibit, since both of them are what Mr. Maynard has been questioning the witness about, (a) and (b), both of them are necessary to understand the draft financial statement that was put in evidence as 421.

THE COMMISSIONER: I think the draft statement is certainly not evidence as to the truth of its contents, it is admissible as evidence as to what prompted -

MR. WRIGHT: Yes, the weight of the document.

THE COMMISSIONER: - Mr. Shikaze to make this statement

2-B-6

B. Shikaze -

THE COMMISSIONER: (Cont.) that he did, so that, have the working papers not been put in, I thought those working papers had been put in?

A The statement was but not the working papers.

MR. CLEMENT: The working papers as of April 30th are Exhibit 441, sir.

MR. WRIGHT: But the working papers for the Exhibit 421, being the 30th of June statement, are not in, My Lord.

MR. MAYNARD: How much is involved in these working papers, how many documents are involved?

A Which working paper?

MR. MAYNARD: You are referring to the working papers, I take it, of June 30th 1955?

MR. WRIGHT: Yes.

MR. MAYNARD: It consists of the whole file, Mr. Commissioner.

MR. WRIGHT: No, no, I didn't mean that, My Lord, no. I assumed there would be the same amount as the other ones. It was just the page that you referred to where the explanation of the thirty-one thousand odd loan is recorded.

MR. MAYNARD: Now, Mr. Commissioner, if we are going to put anything in, there may be other documents relating to this particular page and this is reflected in the financial statement of June 30th 1955. Now, if any part of this is going to go in then -

THE COMMISSIONER: Was this transfer of property reflected

2-B-7

B. Shikaze -

THE COMMISSIONER: (Cont.) in the statement that is in?

A In our draft statement of June 30th.

THE COMMISSIONER: That you have filed?

A Well, we have now filed -

THE COMMISSIONER: That you filed as an exhibit here?

A Yes.

THE COMMISSIONER: Is it reflected in that statement?

A That's right.

THE COMMISSIONER: I think if the statement in as an exhibit reflects the transfer of this property, that is all we require and we have the minutes as the basis upon which he made the transfer. I don't propose, Mr. Wright, to go through a file of three or four hundred pages, I am not an auditor.

MR. WRIGHT: Yes, I see. But now my learned friend put in that statement and he is now impeaching it, and so we should have the working papers in support of it.

MR. MAYNARD: I am not impeaching anything.

THE COMMISSIONER: I don't think he is impeaching it, the evidence establishes that this property, the statement reflects, as I understand it, that certain property was transferred.

MR. WRIGHT: Yes, and my learned friend -

THE COMMISSIONER: And Mr. Shikaze has given his reason for making that statement and he produced an unsigned minute from the records of the company as his basis for making that statement.

2-B-8
B. Shikaze -

MR. WRIGHT: Yes.

THE COMMISSIONER: I don't know where -

MR. WRIGHT: We will leave it at that, My Lord.

THE COMMISSIONER: - his working papers are going to be particularly helpful to me because I am not an accountant, I just don't know, they would not have very much significance to me.

MR. MAYNARD: Mr. Commissioner, I still cannot see any reflection of this particular transaction even in the June 30th 1955 statement because the working notes of April 30th 1955 indicate "due to Directors, \$6,167.00" which is very close to the sixty-eight hundred dollars shown in the June 1955 statement.

MR. WRIGHT: Yes, exactly.

MR. MAYNARD: However, for what it is worth there it is. Subsequent evidence will be introduced or submitted to deal with this particular matter.

THE COMMISSIONER: Well, does this statement reflect the transfer of that property?

A Yes, it does. The only thing is the net difference is \$700.00. He was, the statement reflected a credit of \$31,000.00, thirty-one thousand nine hundred and some odd dollars, and a charge against that for the transfer of those agreements and duplex.

THE COMMISSIONER: Yes, well, is that reflected in the statement?

A Yes.

2-B-9

B. Shikaze -

THE COMMISSIONER: And the evidence that you have given us, all the evidence, all the information contained in your working papers?

A That's right, according to my working paper, yes.

THE COMMISSIONER: You have given us in your verbal evidence all the information that is contained in your working papers relative to this particular aspect?

A Yes.

THE COMMISSIONER: Well, that should cover it.

MR. WRIGHT: Yes, and the draft minute has been marked, of course?

THE COMMISSIONER: I just don't want to get involved in struggling through those working papers.

MR. WRIGHT: I didn't realize there was a whole bunch of them, but the draft minute has been marked?

THE COMMISSIONER: Yes, the minutes have been marked as Exhibit 444. Thank you.

IDEAL HOMES MINUTE OF JUNE 8th,
1955, MARKED EXHIBIT 444.

MR. CLEMENT: Well, Mr. Commissioner, I think perhaps, you have had it marked, but I would like to ask a question as to how it came there.

THE COMMISSIONER: I beg your pardon?

MR. CLEMENT: I would like to ask a question as to how it came there; at present it is a paper produced from the file.

THE COMMISSIONER: Well, just a minute, go ahead, Mr.

2-B-10

B. Shikaze - Clement Ex.

THE COMMISSIONER: (Cont.) Clement.

MR. CLEMENT EXAMINES THE WITNESS:

Q Mr. Shikaze, you have in your file this minute which has been referred to and which is unsigned, although there is provision made for the signature of each of the shareholders shown as being present: how did this come into your file?

A Usually -

Q Not usually: how did this one come into your file?

A Well, this file, when we do any audit and there is material items that would affect the statements that we have to reflect, and it is authorized by minutes, well, in fact we always go through the minutes and take any copies or details of any minutes.

Q You have in your file this paper that you have shown me and which has been admitted in evidence as Exhibit 444, and it is an original, is it not?

A No.

Q That is, it is the first typing?

A No, this may have been typed by our girl from their minute book, I am not sure.

Q Well, in other words -

A We nowadays usually get photocopies but -

Q Just listen to me, please: I am asking you what you know about that paper.

A All I know is that it was in this file, sir.

Q That is all you know about it?

A That is all I know.

2-B-11

B. Shikaze - Clement Ex.

Q You don't know where it came from and how it was produced or anything of that sort?

A Not right now, no.

Q I see Mr. Tanner is in the room, perhaps you could speak to him and ascertain if he has any information. Would you do that, please?

A (Witness leaves box and then returns.)

Mr. Tanner stated that he doesn't know anything about it, he never seen this copy before.

Q Well, that is hearsay but if my friends want to call Mr. Tanner he is here.

THE COMMISSIONER: Well, I think we'll let the statement in on the basis as I have explained as explaining why his statement shows this transfer of property.

You are excused now, Mr. Shikaze.

A Do you want this copy?

MR. CLEMENT: Thank you very much.

(Witness steps down.)

MR. CLEMENT: I now propose, sir, to call Mr. Hooke except that we are very close -

THE COMMISSIONER: Well, I think at this time, it is very close to our adjournment, we will adjourn until eleven thirty.

MR. MAYNARD: Mr. Commissioner, just before we adjourn could I make one statement?

THE COMMISSIONER: Yes?

MR. MAYNARD: And then we will proceed with Mr.

2-B-12

MR. MAYNARD: (Cont.) Hooke after the adjournment.

We have been endeavouring to trace down documents relating to Doral Investments. We finally received word from Price Waterhouse yesterday that they verified that Don Fraser is the one who did the auditing, he left the firm and took with him no documents. The next person who dealt with the file was Mr. Keaton who is now in Calgary. When he left he took no documents. Doral Investment file was transferred to another accounting firm and I am advised that it is the practice of Price Waterhouse to destroy all old files that they are, that are not alive and for which they are not responsible any further after five years, so that there is no accounting or, no accountant or auditor we can produce in connection with Doral Investments. However, Mr. Henning, who prepared all the documents, will be available to testify and I would like to have him come at nine o'clock tomorrow morning to deal with this transaction even if it means interrupting the evidence of Mr. Hooke, if that is satisfactory, Mr. Commissioner?

THE COMMISSIONER: Is that agreeable, gentlemen?

MR. GILL: Certainly, sir.

(The Hearing adjourned at
11:15 A.M. and resumed at
11:30 A.M.)

3-M-1

Arrangements re McDonagh.

MR. CLEMENT:

Mr. Commissioner, mention has been made on two previous occasions of a witness whose name has been a little uncertain up to this point. The name now turns out to be McDonagh who, it is thought, might add something to the sort of information for the inquiry -- before the inquiry, and it relates to Sherwood Park transactions, so far as I understand it. Mr. Friedman, -- this McDonagh is an employee -- I'm not certain whether of the Department of Highways or the Department of Public Works. Mr. Friedman might be good enough to enquire into his availability -- . Perhaps Mr. Friedman could make a statement now.

MR. FRIEDMAN:

Mr. Commissioner, this man McDonagh is an employee of the Department of Public Works. I phoned Mr. Kenworthy, the deputy Minister of the Department of Public Works, to determine as to Mr. McDonagh's whereabouts. I understand that Mr. McDonagh is seriously ill and is home. He would not be able to attend here at the inquiry, and Mr. Kenworthy advises me that Mr. McDonagh advised him that he has never met Mr. Hooke in his life.

THE COMMISSIONER:

Thank you. Mr. Clement?

MR. CLEMENT:

Well, if any counsel wishes to make any observation on this, now would be the time to hear it.

MR. WRIGHT:

Yes, my Lord; I respectfully request that we visit Mr. McDonagh and take his evidence, such as it is, if he can't come here.

THE COMMISSIONER:

Mr. Maynard?

3-M-2

Arrangements re McDonagh.

A. J. Hooke - Clement Ex.

MR. MAYNARD:

Mr. Commissioner, I don't know

anything about the evidence Mr. McDonagh is going to produce;
it could be relevant or it could be irrelevant.

THE COMMISSIONER:

Well, I think counsel can discuss
it, and Mr. Clement, and if there is any relevance -- I am
certainly not -- just on the basis that someone worked
for the department of government some years ago and is
ill at his home, I am not going to embark on the project
of taking this Commission to his home unless I know there
is some purpose in doing so.

MR. WRIGHT:

Yes. Perhaps counsel could discuss
it -- .

THE COMMISSIONER:

You can discuss it with Mr. Clement.

MR. WRIGHT:

-- and smell out the matter more---.

MR. CLEMENT:

I don't like the phrase but I will
endeavour to do what is necessary, sir. Call Mr. Hooke,
please.

ALFRED JOHN HOOKE, sworn, examined by Mr. Clement:

Q Mr. Hooke, you are Minister of Public Welfare for the
Government of Alberta?

A That's right, sir.

Q And you have held a number of portfolios in the government
over the years?

A Six in all.

Q I would like to direct your attention -- I should say Mr.
Hooke, I believe you have been informed through your
counsel that we propose to enquire into the matters involved

3-M-3

A. J. Hooke - Clement Ex.

Q (Cont.) here in segments, and the first segment on which we will ask you to assist us relates to the Rocky Mountain House lease which originated in 1940. What portfolio did you hold then, sir?

A I didn't hold any then, sir.

Q When were you first elected to the Legislature?

A August 22nd, 1935.

Q And you were a private member from that time until when?

A Until June 1st, 1943.

Q 1943, and your riding then and has continued to be, was the Rocky Mountain House riding?

A When I first elected it was the Red Deer riding, containing Rocky Mountain House. Some time later when redistribution took place Rocky Mountain House became the approximate geographic centre of the new constituency.

Q Now, coming to 1940, Mr. Hooke, returning to 1940 there is evidence that Mrs. Helena A. Hooke, who was then and is your wife, acquired an interest in property in Rocky Mountain House.

A That's right.

Q The property that we are particularly concerned with, sir, is Lots 39 and 40 in Block 20 in Rocky Mountain House, Plan 101A.J. When did Mrs. Hooke first acquire an interest in that property?

A I'm not absolutely positive as to the date when she first acquired it.

Q There is in evidence Exhibit 208, a transfer from Stapheia

3-M-4

A. J. Hooke - Clement Ex.

Q (Cont.) Lillian Urch to Helena A. -- am I pronouncing that right -- Helena? -- Helena A. Hooke, dated June 16th, 1941. Can you tell me whether or not Mrs. Hooke's interest in that land predated June 1941?

A Yes, it did.

Q In what way? Was there an agreement for sale?

A By virtue of the fact that in acquiring this property it was acquired through exchanging a home in Rocky Mountain House.

Q Whose home?

A It was hers.

Q Mrs. Hooke's home?

A Not her own home, it was a second house which we had, jointly.

Q I see; and at what stage was this --- and the exchange was negotiated with Mrs. Urch?

A There was a second party in there.

Q Well, would you just tell the circumstances so I can understand what happened, leading up to title?

A The second party was the manager -- or the wife of the manager of the first Treasury Branch in Rocky Mountain House.

Q Yes?

A The one you are speaking of is the second Treasury Branch in Rocky Mountain House.

Q I am afraid I am a little slow in following, Mr. Hooke.

A The manager and his wife were renting this home.

3-M-5

A. J. Hooke - Clement Ex.

Q Yes?

A And they wished -- because they, as I understand, had an interest also in the Urch property -- .

Q Oh, I see.

A And they wished to dispose of their -- this property which they were purchasing, and take the home instead.

Q I see, and the end result of that was what?

A That the property, this property came into Mrs. Hooke's name, and the Treasury Branch manager and his wife secured the home.

Q And when did this arrangement have its origin? At what period of time?

A I wouldn't like to endeavour to -- .

Q Well, in relation to -- .

A -- specify a date.

Q In relation to this document Exhibit 208, and in relation to the lease mentioned in Exhibit 112.

A Oh, it started, Mr. Clement, about the time the original Treasury Branch opened.

Q When was that?

A Well, it was the same date that the original one opened in Edmonton. Edmonton and Rocky Mountain House were the two first ones opened -- it must have been in 1940, to the best of my memory.

Q Yes, and what I'm coming to, Mr. Hooke, is this: Exhibit 112 is a letter dated February 27th, 1940, from the

Superintendent of Buildings to Mrs. Helena Hooke, reading

3-M-6

A. J. Hooke - Clement Ex.

Q (Cont.) in this fashion:

"Attached please find four copies of lease on building owned by you and occupied by the Treasury Branch at Rocky Mountain House."

Now, you observe, then, that as at this date Mrs. Hooke purported to have a leasehold interest -- a proprietary interest sufficient to found a grant of lease by her.

A That's right.

Q Although title to her was not made until June of 1941. That is what I would like you to explain, sir.

A Well -- .

Q What interest did she have at the time that the lease referred to in Exhibit 112 was executed?

A She had an interest by virtue of the fact that the people who were purchasing were taking over her home, her house, and were already in it.

Q Yes.

A They had some interest in this property and it had been arranged that the properties be exchanged. That would be early in 1940, I'm sure.

Q Yes, and did you have anything to do in connection with the negotiation of the lease of this property shown in Exhibit 208, the negotiation of the lease between your wife and the Crown?

A Perhaps if I tell the story in a few words -- ?

Q Yes.

A The original Treasury Branch in Rocky Mountain House was

3-M-7

A. J. Hooke - Clement Ex.

A (Cont.) opened in a building a block off Main Street on the main avenue which had been held for years by what is known as the T. D. Green Estate, and had been used by the government for a forestry office. The Treasury Branch occupied just about what used to be a living room in that original house. At that particular time the Treasury Branch was doing very little more than taking deposits; they were not making loans; the business which was being done was such that people did not like to travel past the Imperial Bank if they wanted a loan, and walk up the hill. To make a long story short, the government was about deciding to close the Treasury Branch in Rocky Mountain House, and I was asked as the local member if I knew of any other property anywhere in town on the Main Street which could be made available to the government. I went from door to door and spoke to people who had property, speaking to people who might be interested in building a building, renting a building --- but to no avail. I reported it back; following which the Superintendent of Treasury Branches and the Superintendent of Buildings, both, did the same thing: made every endeavour to secure property in Rocky Mountain House. On one occasion when they were there, I was busy with my old clothes on doing some remodelling in this building, being a jack-knife carpenter -- .

Q Your occupation at that time was what, sir?

A I am a school teacher by profession.

3-M-8

A. J. Hooke - Clement Ex.

Q Yes.

A They came to seek me and they found me in this particular building, and they asked: "Whose property is this?" I said, "This belongs to my wife." "Well, now, here is an area which would suit the Treasury Branch." I said, "As far as that is concerned, I am a member of the Legislative Assembly; secondly, this particular area is already spoken for: it is being rented by my wife to a furniture dealer as a furniture store. One portion is already rented as a butcher shop, and a small portion is rented as a traveller's sample room."

Following this they made a complete survey of the town, contacting people who had vacant property next door, to see if there was any possibility at all of getting any other place.

A week or so later, after they had reported back to Edmonton, I received a call from the then Premier, Mr. Aberhart, asking me if I would -- the next time I was in town to drop in to see him and Mr. Hinman. They both indicated that the property being -- belonging to my wife --- there was certainly nothing wrong with a lease being drawn up between the Treasury Branches and her.

I might mention that in arriving at what the rental ought to be, I as her husband insisted that it would be less than the going rental.

Q And what do you mean by the "going rental" in connection with these premises?

3-M-9

A. J. Hooke - Clement Ex.

A The agreement that had been made between herself and the furniture dealer was \$60.00 a month for that space, simply for rent and heat; so the agreement which was arrived at was rent, heat, light, janitor work --- there was no water in Rocky Mountain House at the time, but the fountains had to be kept filled, and that was done -- for \$40.00 a month. So that arrangement was made.

3-P-1

A. J. Hooke - Clement Ex.

Q Do the records of your wife or yourself, sir, contain a copy of that lease?

A No sir, not the original one.

Q Not the original one; so, in any event, the lease referred to in Exhibit 112 was executed and the Treasury Branch went into occupation under it?

A Yes, I would say so.

Q And it appears that that lease was for a term of one year?

A Right.

Q What happened at the expiration of a year?

A The lease was extended.

Q By a formal agreement or just by letting the original lease carry on or do you recall?

A I don't recall.

Q I show you Exhibits 113 and 114. Exhibit 113 being a letter from the Superintendent of Buildings to Mrs. Hooke dated March 31st, 1942 advising that the Treasury Branch will be closing and that the Treasury Branch would vacate the building on or before sixty days from the date of the notice.

Exhibit 114 is a lease from Mrs. Hooke to the Crown dated February, 1942, February 2nd, 1942, of these same lots.

Now, do you recall whether there was any indenture of a lease between the expiration of the one year lease referred to in Exhibit 112 and the lease Exhibit 114?

A I am sorry I don't Mr. Clement.

Q In any event, the landlord tenant relationship continued on from the lease referred to in Exhibit 112 and a further

3-P-2

A. J. Hooke - Clement Ex.

Q (Cont.) indenture was made by Exhibit 114?

A I would say so.

Q Was there any negotiation in your recollection leading to the execution of Exhibit 114?

A By me?

Q Yes?

A Not by me.

Q I see, you had nothing to do with that lease, Exhibit 114?

A None whatever.

Q Do you know anything of the circumstances which resulted in the letter, Exhibit 113 being written?

A I am not clear on it Mr. Clement but at the ... somewhere about this time the furniture dealer who had taken over that portion of the building which originally had been rented for a butcher shop ...

Q Now, let me be clear, you had stated that in the inception this building, Mrs. Hooke had agreed to rent to a furniture dealer and to a butcher shop, that was cancelled so that the Treasury Branch could move into the building?

A Into the one portion.

Q That is what I was coming to; into the portion that the furniture dealer had intended taking?

A That is right.

Q What happened to the butcher shop part?

A The butcher shop was operated until such time as the butcher sold out.

Q I see, so that part of the arrangement wasn't disturbed?

3-P-3

A. J. Hooke - Clement Ex.

A No.

Q Very well. Well, just let me be clear on this; was the entire building leased to the Treasury Branch or only that larger portion of it?

A Just that one portion of it.

Q Just that one portion of it. All right then, then you were going to describe what was happening in the early part of 1942?

A Yes, the man who was in the furniture business wanted the entire building so, a building was erected at the back of the same lots. Half of it was rented to the butcher, in other words, he moved out of the original building, the Treasury Branch moved out of the original building and took the other half of that building.

Q Now, we are involved in two buildings are we?

A There are two different premises on the same two lots, the one facing the main street east and the other facing the main avenue north, a corner lot.

Q And one of these I gather from your evidence was a subsequent construction, subsequent to the original?

A Not exactly at that time, it became subdivided later.

Q Oh I see. Well, I am afraid I am labouring a little with the situation there. Did you mean to say Mr. Hooke that this building which we have been discussing and which the Treasury Branch moved into, that they moved into the larger part of the building and there was within the same building a smaller part occupied by the butcher shop?

3-P-4

A. J. Hooke - Clement Ex.

A No, the reverse is true Mr. Clement. The larger part, the largest part, there were three parts, was the butcher shop. The second part was the Treasury Branch and the smallest part was a sample room for commercial travellers.

Q I see, this was all under one roof?

A All under one roof.

Q And did that state of affairs continue that there was no addition to the building?

A Yes, but it too was occupied by the furniture store. The furniture store became rather a large operation.

Q I see. Oh, you have some assistance for me in the way of a picture?

A I can explain it.

Q Well it will certainly be of help to me and perhaps to Mr. Commissioner. You are now showing a picture of the building we have been discussing?

A Yes.

Q And which is it on this picture?

A The original building purchased by Mrs. Hooke is this back to there and back to there, twenty-eight by fifty as I remember it, an old dilapidated building had been condemned by the fire commissioner and I undertook personally to renovate it. This was the hotel sample room.

Q Could I just pause a moment. Mr. Commissioner, on this picture the building that is being spoken of is marked Treasury Branch 2, that is, Tr. Br. 2 and as you look at the

3-P-5

A. J. Hooke - Clement Ex.

Q (Cont.) picture the portion of it now referred to by Mr. Hooke is on the left of the left hand line?

A That's right.

Q That is to say it encompasses a door and a window on the left side of the building?

A That is right.

Q That is one portion of it?

A That is right.

Q And then there is a middle portion and then a right hand portion?

A This is the butcher shop.

Q The butcher shop is the right hand portion?

A Yes.

Q Well then you have got another building marked on that Mr. Hooke, does this enter into the development of affairs?

A Well, as I said, I am a jackknife carpenter myself and I built this portion on to the building.

Q That is the back portion as you look at the picture?

A Right.

Q Yes?

A And all of that was rented to the furniture store as well so that ultimately this part, the new part and that became furniture store.

Q This part being the right hand portion of the old building?

A That is right.

Q That part being the left hand portion of the old building

3-P-6

A. J. Hooke - Clement Ex.

Q (cont.) together with the addition at the back?

A Right.

Q All this became what?

A The Treasury Branch in the middle. That became furniture store.

Q All right, so then what happened?

A The Treasury Branch moved into a half of the new building that was built back here.

Q Oh yes?

A The one that faces north.

Q The Treasury Branch moved into a part of what?

A Of this second building back here.

Q Is that a building that you and your wife had an interest in?

A It was hers. It was on the same title but this was built after.

Q After she bought?

A Oh yes.

Q I see, and at what stage was this building which, sir, is marked 3 Tr. Br., at what stage was this building built?

A I would guess that this was perhaps '43 or '44.

Q I see?

A I am not too sure now.

Q So that when we refer to Exhibit 113 then was the Superintendent of Buildings referring to a move from the original building in its location as you have indicated to this new

3-P-7

A. J. Hooke - Clement Ex.

Q (Cont.) building which was constructed?

A I think that is what it must have been, I couldn't swear to that but I think that is what it must have been.

THE COMMISSIONER: We will have that photograph marked as Exhibit 445.

PHOTOGRAPH ENTERED AND MARKED EXHIBIT 445.

Q MR. CLEMENT: Now, what about the building which also bears some writing on the extreme left, the writing being 'purchased by Government for Treasury Branch and Forestry Office' and marked number 4?

A Inthe intervening years the Government required additional space for its Forestry Office, it also required larger premises for the expansion of the Treasury Branch business and they purchased that building.

Q From whom?

A I believe that was from what was known as the Melton estate, nothing to do with the Meltons in Edmonton by the way.

Q No but nothing to do with yourself or Mrs. Hooke?

A Nothing whatever.

Q I see, so they purchased that at a subsequent period of time, do you have any recollection at what year, roughly?

A I think I could get the date of that Mr. Clement, I have it down.

Q Well, it is not of particular consequence of itself. As I understand your testimony Mr. Hooke, in 1942 the Treasury Branch moved out of that building on Exhibit 445 which is

3-P-8

A. J. Hooke - Clement Ex.

Q (Cont.) marked 2 and into the building which is marked 3?

A I am not absolutely positive of the date Mr. Clement but that is certainly what actually took place.

Q Yes, and the building marked 3 was also owned by Mrs. Hooke?

A Correct.

Q And was some lease entered into in respect to it or do you know anything about that?

A I don't know.

Q That was something between Mrs. Hooke and the officials concerned of the Crown?

A That is right.

Q You had no negotiations?

A None whatever.

Q And no dealings?

A None whatever.

Q Do you recall whether that subsequent transaction, moving into building number 3, was during your term, came within your term of office as a Minister of the Crown?

A It perhaps was. I became a Minister, as I said, on June the 1st, '43.

Q Yes?

A I moved into Edmonton in 1941 and I was Chairman of the Social Credit League.

Q Yes. Well then Mr. Hooke there has been some evidence that you had some activity in respect, at least, of the landlord's interest under the original lease and I presume under lease

3-P-9

A. J. Hooke - Clement Ex.
- Gill Ex.

Q (Cont.) Exhibit 114 to the extent that matters of repair, maintenance and upkeep were referred to you to some extent from time to time? Would you tell us about that?

A Mr. Clement, I have had a hobby of carpentering and certainly a hobby of remodelling old buildings and any work that was required to be done on this building I did quite a bit of it myself.

Q Yes. Well, there wouldn't be much I suppose in what you call the new building?

A The new building I did none of that.

Q None of that so, is it fair to say then Mr. Hooke that after the lease, Exhibit 114 came to an end as indicated by Exhibit 113, the Treasury Branch moved into building number 3 as shown on this Exhibit and you had nothing to do with maintenance or upkeep or anything of that sort?

A None whatever.

Q Would you answer my friends please?

THE COMMISSIONER: Mr. Gill?

MR. GILL: Thank you.

MR. GILL EXAMINES THE WITNESS:

Q Mr. Hooke, do you remember when a directive was received about Cabinet Ministers not participating in business matters or did you ever see such a directive?

A I don't recall such a directive Mr. Gill.

Q Do you recall an answer being tabled in the House, the question ordered by the Assembly on March 25th, 1965 on a Motion by Mr. Dickie and the question was

3-P-10

A. J. Hooke - Gill Ex.

Q (Cont.)

"The Government's policy in respect to Ministers, Deputy Ministers or other Government employees doing work or rendering service for others than the Government while in the employ of the Government."

And the answer being

"The Ministers do work and render service only for the Government during their terms of office. While there is no arbitrary prohibition Deputy Ministers and other officials and employees of the Government are expected to refrain from accepting remunerative employment outside the Government service."

Do you recall that answer being tabled in the House?

A I can't say I do specifically.

Q And you have continued to be interested in investments all the time you have been a Cabinet Minister?

A I am not sure that I know what you mean.

Q I see, well, we will take the Rocky Mountain House, you regarded that as an investment by Mrs. Hooke?

A Yes.

Q And you watched over it, you looked after it?

A I can't say that I had much to do with it, I was too busy.

Q I see. Do you recall correspondence after you were a Minister concerning the upkeep of the property?

A I think there are such letters as Exhibits.

Q Who was responsible for redecorating the premises?

3-P-11

A. J. Hooke - Gill Ex.

A It would be Mrs. Hooke I presume.

Q The correspondence was directed to you was it not, sir?

A It may have been.

Q You don't recall it?

A Not specifically.

Q Evidence Mr. Hooke and Exhibit 211, there is a Memo from the Acting Superintendent, Edmonton, Mr. W. D. Stacey, do you know him?

A I did know him.

Q To the Superintendent of Buildings, Department of Public Works, buildings, who would that be?

A Mr. Stacey was the Superintendent.

Q I see, and it is signed by A. K. Olive, Acting Superintendent, I presume of the Treasury Branch?

A He was.

Q And the letter goes, September 9th, 1946.

"The writer at the request of the Honourable A. J.

Hooke proceeded to Rocky Mountain House on Friday

last for the purposes of locating new premises.

The place presently occupied as you know is far

too small, dirty in appearance, no vault or storage

facilities and no space in which a vault could be

erected."

Do you recall getting that letter or seeing a copy of it?

A I can't say I recall it at this late date.

Q No doubt the matter was taken up with you?

A Not that I recall.

3-P-12

A. J. Hooke - Gill Ex.

Q I see, the last paragraph of the letter reads:

"Will you kindly take the matter up with Mr. Hooke with a view to obtaining a satisfactory lease and to ascertain the exact date the premises will be available."

Do you recall the matter being taken up by Mr. Stacey with you?

A No I don't sir.

Q It could have been?

A My memory isn't all that good for twenty years or better.

Q Just what was the history of this Treasury Branch, Mrs. Hooke bought the property in June of 1941 from Urch for \$1,000.00?

A I don't think so.

Q I see, would you show the witness please Exhibit 208?

THE COMMISSIONER: Mr. Gill, that actually isn't the evidence. The evidence I believe is that it was transferred on that date and I believe his interest is that there was an interest prior to that date but if you are referring to the Transfer, that is the date of the Transfer.

MR. GILL: That is the date of the Transfer sir.

Q MR. GILL: When did she buy it, do you know?

A It must have been late '39 or early '40, I couldn't say for sure.

Q Under an Agreement for Sale?

A Something like -- well ...

Q Is that right?

A I can't say that either, for sure.

3-P-13

A. J. Hooke - Gill Ex.

Q She bought it just at the time the Treasury Branch were looking for quarters?

A Regardless of that, she bought it.

Q I see, and when did she sell it to Mr. Lewis, do you remember?

A It would be sometime in 1948, I think.

Q Now, there is a document, Exhibit 210, October 3rd, '47, would that fit with your recollection?

A That could be right, about in that time.

Q Do you recall the sale price?

A No, not offhand.

Q I see. Exhibit 210 shows a consideration of \$12,000.00, would that be correct?

A It could be.

Q I see, and then there was a mortgage, was there not, on the building?

A I can't say that I recall it Mr. Gill. You are talking of something that happened nearly thirty years ago and my memory would have to be better than it is.

Q 1947 is thirty years ago?

A 1940, nearly.

Q I am asking about 1947, sale price of \$12,000.00 and then I believe there was a mortgage put on it?

MR. CLEMENT : I haven't got any mortgage but I have a title. On the point raised by Mr. Gill sir, Certificate of Title 235B93, Exhibit 209 is the Title, Mrs. Helena Hooke, created June 19th, 1941 and cancelled on December 17th, 1947,

3-P-14

A. J. Hooke - Gill Ex.

MR. CLEMENT: (cont.) pursuant to Exhibit 210. This is a certified photocopy of the Title. It shows no mortgage.

Q MR. GILL: Mr. Hooke, I will show you item 45 of Exhibit 211 which is a Memorandum on a Government file, Department of Public Works, reading Memorandum for File 'Lots 39 and 40, Block 20, Plan 101AJ, Rocky Mountain House' that would be the property we are discussing, isn't it?

A Yes I think so.

Q It stands in the name of Lawrence Roland Lewis of Rocky Mountain House under a Certificate of Title 143T120, subject to mortgage in the amount of \$11,000.00 at four percent, registered by Helena A. Hooke. Is that what the document says?

A That is what it says.

Q Do you recall anything about that?

A It is my understanding that he bought it on terms.

Q I see, and gave a mortgage to Mrs. Hooke?

A I can't recall.

Q I see, and then what happened, sir?

A Well, after he bought it I can't tell you what happened.

Q Didn't the Government purchase a portion of that land?

A I wouldn't know.

Q I see. You know a Mr. J. H. Holloway?

A I know him, yes.

Q And he would sometimes discuss matters with you concerning the Rocky Mountain House building?

A No sir.

3-P-15

A. J. Hooke - Gill Ex.

Q Never?

A No sir.

Q You don't recall that a portion of the building was purchased by the Government of Alberta in 1948?

A I had nothing to do with it sir, I can't recall that.

Q Did Mrs. Hooke make all the arrangements?

A I am sure that she made no sale to the Government.

Q I see, did she discharge her mortgage?

A Her mortgage?

Q She held the mortgage on the property for \$11,000.00, did she not?

A Don't you mean that Lewis discharged it?

Q I am looking at Item 46 in Exhibit 211, it is addressed ... at least, March 31st, 1948 to J. H. Holloway ... or, from J. H. Holloway to Director of Surveys addressed to A. J. Wilson K.C., Deputy Attorney General for the Province of Alberta, it states in Paragraph 3

"Mr. Lewis' Certificate of Title was subject to a mortgage registered by Helena A. Hooke who has agreed to discharge the same as to the westerly fifty-one feet of the two lots provided that payment of \$1,000.00 of the purchase price is made to her solicitors, Messrs. Simpson and Hunter. Mr. Lewis has agreed to this arrangement, the account for payment has been made accordingly."

Do you recall anything of that transaction, sir?

3-P-16

A. J. Hooke - Gill Ex.

A I think Lewis bought it in two transactions perhaps, that is why Holloway's name would appear there, Director of Surveys for the Province, dividing the property in two.

Q And then finally Lewis sold to the Government, did he?

A That I don't know.

Q I see. Did you not get complaints about the condition of the premises in 1946?

A I think I read that in one of the transcripts.

Q Well did you get the complaints, sir?

A I can't recall having got it.

Q I see, and did you do anything about cleaning up the premises?

A My understanding was that they were to be kept in good condition all the time. I didn't do anything.

Q Did you ever get any correspondence from the Department of Public Works, say the Superintendent of Buildings, about the condition of the premises?

A I can't recall it Mr. Gill.

Q I see. Item 29 of Exhibit 211 is a Memo from the Department of Public Works, May 25th, 1945, that would be addressed to Mr. Stacey, would it, or, from Mr. Stacey to yourself, Provincial Secretary?

A Well, it must be true, I cannot deny a letter. Certainly I don't recall the letter now.

Q I see. Would you have denied it but for the letter, sir?

MR. MAYNARD: Well, he said he couldn't recall Mr. Gill.

MR. WRIGHT: Let the witness answer.

3-P-17

A. J. Hooke - Gill Ex.

Q MR. GILL:

Mr. Hooke?

MR. CLEMENT:

I think that is a rather offensive question.

MR. GILL:

No, well, it arises out of his answer Mr. Clement, if he doesn't want to answer it ...

A I wish to say, I will reply to any question I am asked honestly and, if I can't recall it, I shall say so.

3-B-1

A. J. Hooke - Gill Ex.
- Bowen Ex.

Q MR. GILL: But for this letter you could not have recalled that transaction?

A No sir.

Q And do you recall a dispute over an electric light account in June of 1945 with Mr. Stacey and yourself?

A I didn't until I saw some mention of it in the transcript.

Q I see. Isn't it fair to put it to you, sir, that you actually were managing this building for Mrs. Hooke while you were Provincial Secretary?

A No sir.

Q Well, why would these letters come from Mr. Stacey to you, there's another one, number 30, Exhibit 211, concerning the electric light?

A Perhaps because I was next door.

Q I see, not because you were the husband of Helena Hooke?

A I don't think so.

Q I see. Thank you.

THE COMMISSIONER: Mr. Bowen?

MR. BOWEN EXAMINES THE WITNESS:

Q Thank you, sir. Mr. Hooke, I understood you to say that the Urch property was acquired by way of a trade for a house that you and your wife owned, is that what you said this morning?

A Yes, I did say there was an intermediary step, however.

Q Quite, but, in any event, the consideration for the purchase of the Urch property was a house that was owned by yourself and your wife?

3-B-2

A. J. Hooke - Bowen Ex.

A Yes.

Q And after the property was purchased I understood you to say that with your jackknife you did certain improvements, is that correct, and in putting on those improvements I suppose materials were purchased, is this right?

A I can't remember what materials would be purchased.

Q I am not asking you to remember what materials, but is it true that there were materials purchased?

A There must have been some.

Q Quite. And who paid for those materials?

A Well, that is rather a difficult question to answer.

Q Well, let me put it this way, did your wife have an independent income at this time in 1940 and 1941?

A I wouldn't say she had an independent income, no.

Q You were the breadwinner, sir, is that correct?

A I always thought so.

Q Yes, as much as you could win in those days anyhow.

A Those were in the days, Mr. Bowen, of a lot of trading and swapping, we are talking about depression days, remember.

Q I have some memory of them, sir. In any event, is it not probable that it is your money that went into any improvements in this Urch property?

A It is probable.

Q Right, and you had a half interest in the original house that was used to obtain the Urch property?

A I think it was in our joint names.

Q Quite. Now, who purchased this original house, did you put

3-B-3

A. J. Hooke - Bowen Ex.

Q (Cont.) up the money for that or did your wife?

A We built it ourselves.

Q I see, and who paid for the materials?

A Well, that is a long story.

Q I would gather it would be you, you were the breadwinner, is this not correct?

A I can't remember the details of that, I am sure.

Q The odds are you paid for them?

A I still say I can't remember.

Q Well, in any event you owned it half and half, and yet the new property that you obtained with this original house, as I call it, went into your wife's name alone, right?

A I understand that is common practice, isn't it?

Q I am asking you, did it or did it not?

A It did.

Q It did. And was the decision to put it into her name alone taken after you had talked to Mr. Abrehart or before?

A Before.

Q You are swearing to that, you can recall that clearly today, sir?

A I know that that is right and I will tell you how I know.

Q All right, you tell me?

A There was Mrs. Urch, Mrs. Locke, and Mrs. Hooke, it was sort of an idea which had come from one woman to another.

Q But the original house was in the name of Alfred J. Hooke and Helena Hooke, right?

A I think so, as I recall.

3-B-4

A. J. Hooke - Bowen Ex.

Q Well, that has been your evidence this morning. Can you remember clearly today that the reason you put this into Mrs. Hooke's name was nothing to do with leasing to the Government -

A I am sure it was not.

Q - of your property? That is your memory, is it?

A Yes.

Q In any event while you were working on this house, I am sorry, on the Urch property, you did improvements to it, that's right, isn't it?

A I hope I did, I worked on it.

Q Well, we'll take it that you did, sir; and is this the property that in 1947 then was sold for \$12,000.00 to Mr. Lewis?

A So far as the description is concerned, yes.

Q Right, so that in between the period June 16th 1941, in which the transfer, Exhibit 208 states the \$1,000.00 consideration, and October 3rd 1947, in which the transfer states \$12,000.00 consideration, obviously there had been a number of improvements put on, and these were paid for by you, were they not?

A Well, I must say that so far as my wife is concerned, she had some money from her father.

Q Was this used to put the improvements on to bring the value of this property up \$11,000.00?

A I can't say specifically.

Q You put money into it, didn't you, Mr. Hooke?

3-B-5

A. J. Hooke - Bowen Ex.

A I put labour into it at any rate.

Q And paid for materials in it?

A I suppose I did.

Q Right, so that the fact that your wife's name was on the title was really a fiction?

A No, I wouldn't say that.

Q You were in effect the owner of this property by virtue of putting money into it and a half interest in purchasing it originally? Do you agree with me, sir?

A Well, I don't see exactly what you are getting at, sir.

Q I don't think I will explain further. Tell me, do you know Mr. E. E. Wilson, Mr. Hooke?

A Yes, I do.

Q And have you known him for some time?

A Yes.

Q I think he was with the Department of Public Works?

A Right.

Q While you were Minister?

A Still is.

Q Right. Have you ever talked to him concerning this Rocky Mountain House matter of the lease?

A Not that I know of.

Q Did you ever require that the file covering it be brought to your office for your perusal?

A No sir.

Q Thank you kindly.

THE COMMISSIONER:

Mr. Crawford?

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A. J. Hooke - Wright Ex.

MR. CRAWFORD: On this subject, Mr. Commissioner,
I have no questions.

THE COMMISSIONER: Mr. Wright?

MR. WRIGHT EXAMINES THE WITNESS:

Q Mr. Hooke, I put it to you that on all matters dealing with the lease of the Treasury Branch on your wife's premises in Rocky Mountain House you were the one that dealt with the Government on all occasions except on those occasions when the formalities of entering into a lease or renewing a lease were required?

A That is not correct.

Q When then did you take a hand in matters?

A I did not ever take a hand in matters.

Q I see. And you didn't arrange the terms of the lease?

A No sir.

Q Mrs. Hooke did?

A Whoever saw her in Rocky Mountain House did, yes.

Q And it was done in Rocky Mountain House?

A I know that that is where the conversation took place.

Q Well, what conversation was that?

A Well, regarding -

Q Whether -

A - a prospective lease.

Q Yes, whether the premises could be leased, is that the conversation?

A I would say that conversation took place between the Attorney General of that day, the Deputy Attorney General

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A. J. Hooke - Wright Ex.

A (Cont.) of that day.

Q Did he go out to Rocky Mountain House?

A No.

Q Well then, where did the conversation take place?

A It was simply explained to me what the situation was.

Q Pardon?

A I said they explained to me what the situation was.

Q So they did talk to you about the lease?

A Only about the legality of someone, of such as my wife.

Q And did they -

A Entering into the lease.

Q And did they advise you that if the place was in your wife's name it was okay?

A That's right.

Q That was the advice that was given?

A That's right.

Q When was that advice given?

A There again I can't name the date but it was during the time that the original Treasury Branch was in operation, the one to which I referred, which was back on other premises.

Q And who gave you that advice?

A The Deputy Attorney General of that day, Mr., the late Mr. Henwood.

Q I see. You told us though that a conversation took place at Rocky Mountain House between someone from the Government and your wife about the lease, is that correct?

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A. J. Hooke - Wright Ex.

A If I remember, it was Mr. Stacey, accompanied by Mr. Olive.

Q And are you saying that the terms of the lease were discussed on that occasion?

A I don't know, I wasn't there.

Q Are you swearing that you did not arrange the terms of the lease or discuss the terms of the original lease and indeed subsequent leases with the Treasury Branch officials or the Department of Public Works officials responsible?

A I said a little while ago that I explained to my wife: make sure of this being less than the rate we were already offered by the furniture men.

Q Yes, that was not my question, Mr. Hooke. Shall I repeat the question?

A Yes, please.

Q Will you read it back, Mr. Reporter, please?

THE REPORTER: (By reading)

"Are you swearing that you did not arrange the terms of the lease or discuss the terms of the original lease and indeed subsequent leases with the Treasury Branch officials or the Department of Public Works officials responsible?"

A I can't recall that anyone said anything to me about it.

Q MR. WRIGHT: Yes, can you recall a conversation on the 22nd of February 1940, naturally I don't expect you to recall the date, but the conversation you may, on the 22nd of February 1940, and the memo apparently is not on the table as it was originally, but it may have been with Mr. Stacey, a

3-B-9

A. J. Hooke - Wright Ex.

Q (Cont.) conversation that you had with him about the terms of the 1940 lease?

A I can't recall it, Mr. Wright.

Q I see, but you may have had such a conversation?

A I doubt it.

Q You doubt it. Can you remember at this conversation or at all telling Mr. Stacey that the lease would have to be in the name of Mrs. Hooke?

A No, I can't.

Q But you may have done, again?

A No, I don't think so; he would know that.

Q And did you discuss the premises yourself with Mr. Stacey before the lease was entered into?

A They saw it, Mr. Wright, when I was in the building, when they first came to Rocky Mountain House.

Q And you didn't discuss it then with Mr. Stacey?

A No sir, not then, that is sure.

Q So that if Mr. Stacey has a memorandum on the file that he dropped in to see you regarding an outside toilet on the 15th of January 1940, it would not be true?

A If there is a memorandum I should think that that would be true.

Q Yes, and if there is a memorandum that is in handwriting on the 22nd of February 1940, written not by you but with your name at the top, and apparently written by Mr. Stacey, setting out the terms of the lease, that again is something that you cannot deny but you have no memory of?

3-B-10

A. J. Hooke - Wright Ex.

A Well, I have no memory of it.

Q Yes, and Mr. Stacey corresponded with you, did he not, asking you to do things to the building as might be required?

A That may have been, but I think I explained that.

Q Yes, you were a part time carpenter and fixed up buildings yourself, is that the reason?

A The fact that I was next door to him.

Q Next door to Mr. Stacey?

A Yes.

Q I see. And when the lease was renewed in 1942, was it not you that telephoned Mr. Hall to prepare a new lease on the terms stated in the letter that had been sent to Mrs. Hooke?

A I don't recall it.

Q Yes. Well, it is memorandum number 16 in the file.

MR. MAYNARD: The date?

Q MR. WRIGHT: Exhibit 211, the 17th of January 1942.

This again is something you cannot deny? The memorandum is:

"Mr. Hooke telephoned Mr. Hall to prepare a new lease on terms as stated in letter."

and there is a signature which we cannot read in the Xerox copy?

A Well, that is what it says all right, Mr. Wright, but first of all I can't see a signature, I don't know who said it, and I don't recall such a conversation.

Q And requests were frequently made to Mr. Stacey to pass information on about the building to you by Mr. Potter, the Manager of the Treasury Branch, can you recall that?

3-B-11

A. J. Hooke - Wright Ex.

A Frankly I can't recall to talking to any of them at that time.

Q Well then, why did you tell me then that you had no part in the matter, apart from the carpentry business, well, you didn't even tell me that; but why did you tell me you had no part in the matter?

A When did I tell you that?

Q That was my first question, Mr. Hooke. You may have had a considerable part in the matter, mayn't you?

A No, so far as dealing with the Government is concerned and the lease, I had no part, I swear to that.

Q And so far as your memory now extends, you will have to add, will you not?

A Well, anyone is apt to have difficulty recalling things that happened so long ago, are they not?

Q Yes, that is quite true, Mr. Hooke. On the 17th of January 1942 have you any memory of telephoning Mr. Hall?

A I have none whatever.

Q And on the 30th of December 1944 Mr. Stacey asked you to have the premises cleaned up at an early date, you have no memory of this?

A I have not.

Q Mr. Stacey certainly regarded you as the owner of the Rocky Mountain House Treasury Branch premises, did he not?

A I shouldn't think so.

Q On the 1st of December 1944 he writes:

"I have taken up with the owner the matter of redecorating

3-B-12

A. J. Hooke - Wright Ex.

Q (Cont.) the Treasury Branch Building and he agrees to have same done."

It was just a slip on Mr. Stacey's part, was it?

A What is your question again?

Q Can you read it back, please, Mr. Reporter?

THE REPORTER: (By reading)

"On the 1st of December 1944 he writes:

'I have taken up with the owner the matter of redecorating the Treasury Branch Building and he agrees to have same done.'

It was just a slip on Mr. Stacey's part, was it?"

A Well, in those days I frequently passed such people in the hall, and so on; it was quite possible that he may casually have said something, but I certainly can't recall it; and he knows the owner of the building was my wife and not me.

Q MR. WRIGHT: Yes, that is what I say, that was just a slip when he forgot it at that point, was it?

A I didn't say I did. I say I forget it now.

Q And can you remember an argument with, I don't know who it would be with, my notes indicate it was probably Mr. Stacey, but at any rate the people responsible for redecorating the Treasury Branch, and, of course, this was being charged back to the owner; an argument about a bill being too big, in May of 1945, that you conducted with the Department of Public Works: can you recall that?

A No, I do not.

Q No, it was not a bill about redecoration, it was a bill about

3-B-13

A. J. Hooke - Wright Ex.

Q (Cont.) an electric light account; can you recall that?

A I remember something about an electric light bill because something had gone wrong with the wiring or -

Q Yes?

A - the metre or something of that nature, I can recall that, yes.

Q Maybe it was renovation then. But, at any rate, again the correspondence was not with your wife but with you, between Mr. Stacey and Mr. Hooke, Items 29 and 30 in the file?

MR. MAYNARD: The dates?

Q MR. WRIGHT: The dates were the 25th of May 1945, letter from Mr. Stacey to Mr. Hooke; and the 13th of June 1945, from Mr. Stacey to Mr. Hooke. You have no memory of those transactions now?

A I haven't, Mr. Wright.

Q But again you say this is just because he was next door?

A I would think as much as anything.

Q Yes. Well, it is no, it is hardly more trouble to write a letter than it is to write a memorandum, is it?

A Not for me.

Q Pardon?

A It is not for me.

Q Yes, so that a letter could just as well have gone out to Mrs. Hooke, couldn't it?

A I should think so.

Q Yes. So why did it go to you?

A Perhaps we were less formal in that day than now.

3-B-14

A. J. Hooke - Wright Ex.

Q Yes, the formalities are being observed a little more closely nowadays, are they, Mr. Hooke?

A I wouldn't necessarily say that, Mr. Wright.

Q And on the 28th of June 1945 this matter of the electric light bill was still being gone into and you were still the person dealing with it; have you any memory?

A No, I haven't.

Q And on the 9th of September 1946 the Treasury Branch was thinking at that time of moving to the new building, was it not, which I gather is on the back of the same lot?

A I can't swear to a date, sir.

Q It was in 1946 though?

A I don't know for sure, it seemed to me it was earlier than that.

Q And there is a memorandum on the file, I hope in this file, of the 9th of September 1946 by Mr. Olive to Mr. Stacey, that Mr. Olive went to Rocky Mountain House at your request for the purpose of locating new premises?

A What date is that?

Q The 9th of September 1946, you will agree that is what the item says, it is number 33 in the file?

A I cannot recall, Mr. Wright, that I requested it.

Q Yes, you cannot recall that you requested it. Nevertheless, he writes that it was requested, that at your request he went to Rocky Mountain House for the purpose of locating new premises, that's what he writes, isn't it?

A Yes.

3-B-15

A. J. Hooke - Wright Ex.

Q And just by chance he located new premises on the back of the same lot in your wife's name, didn't he?

A No.

Q In this memorandum he located premises occupied by Mr. Agar?

A Right, we would have been happier if the Treasury Branch had never been near the place.

Q I am sure you would at this point, Mr. Hooke.

A Long ago.

Q Yes, and Mr. Agar had been the butcher who was renting from your wife?

A In the new building?

Q Yes, so that the new premises he found just happened to be owned by your wife, right?

A No, I wouldn't say "just happened to be".

Q They were owned by your wife, the new premises he found?

A It was on the same lot.

Q Yes?

A A building on the same lots.

Q Yes, and it was at your request he says he went up there, but this you now can't remember?

A To look for other premises.

Q Not what he says, to locate new premises, but, all right, look for other premises; did you discuss with Mr. Olive the possibility of moving to the back of the same lot?

A No sir.

4-M-1

A. J. Hooke - Wright Ex.

Q Why then has someone written -- it appears to be exactly the same handwriting as Mr. Olive's signature -- "Hold for letter from Mr. Hooke." Any idea? On the same memorandum -- ?

A No, I haven't, Mr. Wright.

Q You still say that you had no part in this matter, other than fixing up cupboards, shelves, etc.; is this what you are saying?

A Yes, I do.

Q You are still saying that, eh?

A I had no part in arranging any lease.

MR. CLEMENT: I was wondering, sir, if it might be a convenient point to break.

THE COMMISSIONER: Yes, we will adjourn until tomorrow morning at nine o'clock.

(Adjourned at 1:05 p.m.)

